

WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2018
TRANSCRIPT

ISSUER: City of Waukesha,
Waukesha County, Wisconsin

NOTES: \$32,800,000
Waterworks System Revenue Bond Anticipation Note,
Series 2018

DATED DATE
OF NOTES: April 2, 2018

MUNICIPAL ADVISOR: Springsted Incorporated

PURCHASER: BMO Harris Bank N.A.

BOND COUNSEL: Quarles & Brady LLP

Transcript Prepared by:

Quarles & Brady LLP

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Milwaukee, WI 53202
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QB\51220067.1

\$32,800,000
CITY OF WAUKESHA,
WAUKESHA COUNTY, WISCONSIN
WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2018
DATED APRIL 2, 2018

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April 2, 2018

Re: City of Waukesha, Wisconsin ("Issuer")
\$32,800,000 Waterworks System Revenue Bond Anticipation Note, Series 2018,
dated April 2, 2018 ("Note")

We have acted as bond counsel to the Issuer in connection with the issuance of the Note. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Note is issued pursuant to Section 66.0621, Wisconsin Statutes (the "Act") and a resolution adopted by the Common Council of the Issuer on March 6, 2018 (the "Resolution"). The Note is issued in anticipation of the sale of Waterworks System Revenue Bonds of the Issuer (the "Bonds") which the Issuer has covenanted to issue pursuant to the Resolution. The Issuer covenanted in the Resolution that revenues derived from the operation of the Waterworks System (the "System") of the Issuer which are deposited in the Debt Service Fund provided by the Resolution (the "Revenues") shall at all times be sufficient to pay the interest on the Waterworks System Revenue Bonds, Series 2008, dated April 22, 2008 and the Waterworks System Revenue Bonds, Series 2013, dated May 22, 2013 (collectively, the "Prior Bonds"), the Bonds and the Note as the same accrues and the principal thereof as the same matures. Pursuant to the Resolution, the Note is issued on a basis junior and subordinate to the Prior Bonds with respect to the pledge of Revenues.

The Note is numbered R-1; bears interest at a variable rate as provided for in the Resolution; and matures on April 1, 2023. Interest is payable semi-annually on the first business days of April and October of each year commencing on October 1, 2018 and on the maturity date.

The Note is subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2019 or on any date thereafter, as a whole or from time to time in part, at the principal amount thereof, plus accrued interest to the date of redemption. In addition, prior to April 1, 2019, the Note may be redeemed at the option of the Issuer upon payment of the optional redemption fee described in the Resolution.

We further certify that we have examined a sample of the Note and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

2. The Note has been lawfully authorized and issued pursuant to the laws of the State of Wisconsin now in force and is a valid and binding special obligation of the Issuer in accordance with its terms.

3. The Note does not constitute a general obligation of the Issuer, and no lien is created upon the System or any property of the Issuer as a result of the issuance of the Note.

4. The Note is payable solely from:

- (a) any proceeds of the Note set aside for payment of interest on the Note as it becomes due;
- (b) proceeds to be derived from the issuance and sale of the Bonds, which proceeds have been declared by the Issuer to constitute a special trust fund to be expended solely for the payment of principal of and interest on the Note; and
- (c) a pledge of the Revenues.

5. The interest on the Note is excludable for federal income tax purposes from the gross income of the owners of the Note. The interest on the Note is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Note is included in adjusted current earnings. We note, however, that the 2017 tax act (Public Law 115-97) enacted on December 22, 2017, repealed the alternative minimum tax on corporations for tax years beginning after December 31, 2017. Accordingly, any discussion herein regarding corporate alternative minimum tax is applicable only to a corporation's tax years beginning before January 1, 2018. The Code contains requirements that must be satisfied subsequent to the issuance of the Note in order for interest on the Note to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Note to be included in gross income retroactively to the date of issuance of the Note. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Note.

We express no opinion regarding the accuracy, adequacy, or completeness of any offering material relating to the Note. Further, we express no opinion regarding tax consequences arising with respect to the Note other than as expressly set forth herein.

The rights of the owners of the Note and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Charles & Bradley LLP
CB\50755690.1



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April 2, 2018

Re: City of Waukesha, Wisconsin ("Issuer")
\$32,800,000 Waterworks System Revenue Bond Anticipation Note, Series 2018,
dated April 2, 2018 ("Note")

We have acted as bond counsel to the Issuer in connection with the issuance of the Note.

The Note is issued pursuant to Section 66.0621, Wisconsin Statutes (the "Act") and a resolution adopted by the Common Council of the Issuer on March 6, 2018 (the "Resolution"). The Resolution also authorized the execution and delivery of a Continuing Covenant Agreement dated as of April 2, 2018 (the "Agreement") between the Issuer and BMO Harris Bank N.A. (the "Bank") relating to the Note.

We have examined (a) the Resolution, (b) an executed counterpart of the Agreement and (c) such other documents as we considered appropriate and necessary to enable us to render this opinion.

In rendering our opinion we have made the following assumptions:

(a) Other than with respect to the Issuer, we have assumed the due execution and delivery of documents submitted to us in the form so submitted by the parties thereto, and that all legal requirements applicable to such parties, as such relate to the issuance of the Note, the Agreement and the documents and instruments executed in connection therewith, have been satisfied.

(b) With certain exceptions, we are qualified to practice law only in the State of Wisconsin and we do not purport to be experts on, or express any opinion herein concerning, any law other than the present internal laws of the State of Wisconsin.

(c) This opinion deals only with specific legal issues that it explicitly addresses and no opinions shall be implied as to matters not so addressed. Without limiting the foregoing, we express no opinion herein as to any provision affording indemnification, or any provision waiving the right to jury trial, and we give no opinion as to matters relating to federal or state tax or securities laws.

(d) We bring to your attention the fact that our legal opinions are an expression of professional judgment and are not a guarantee of a result. Additionally, we do not undertake to

advise you of matters which may come to our attention subsequent to the date hereof which may affect our legal opinions expressed herein.

(e) Our opinions are limited to the extent that validity or enforceability of any document is limited by:

- (1) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, marshaling and other similar laws in effect from time to time affecting the rights and remedies of creditors, theories regarding the adequacy or sufficiency of consideration and/or fair value;
- (2) limitations imposed by general principles of equity upon the specific enforceability of any of the remedies or other provisions of such documents and upon the availability of injunctive relief and other equitable remedies (regardless of whether enforcement is considered in proceedings at law or in equity); and
- (3) subject to the qualification that certain provisions of such documents may not be enforceable in whole or in part under the laws of the State of Wisconsin but the inclusion of such provisions does not affect the validity of any such documents as a whole and each of such documents contains legally adequate provisions for the realization of the principal legal rights and benefits.

In arriving at the opinion expressed below, we have examined and relied upon originals or copies, certified or otherwise identified to our satisfaction, of such records of the Issuer and have made such investigation of law as we have deemed appropriate. In delivering the opinion expressed below, we are relying upon facts certified as true in the certified transcript of the proceedings or represented to us as true by officers of the Issuer, and have not undertaken to verify any fact by independent investigation. Other than with respect to the Issuer, we have assumed the due execution and delivery of all documents by the other parties thereto.

Based upon and subject to the foregoing, it is our opinion under existing law that the Agreement has been duly authorized, executed and delivered by the Issuer and is in full force and effect and, assuming the due authorization, execution and delivery of the Agreement by the Bank, constitutes the valid and binding obligation of the Issuer in accordance with its terms.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Charles E. Brady

CLOSING CERTIFICATE

The undersigned hereby certify that we are the duly qualified and acting Mayor and City Clerk/Treasurer of the City of Waukesha, Waukesha County, Wisconsin (the "City"), and further certify the following:

1. Organization.

1.1. Now and at all times mentioned in this Certificate, the City was duly organized, validly existing and operating under and by virtue of the laws of the State of Wisconsin and owns and operates a Waterworks System (the "System").

1.2. The City is a city of the second class governed under the General Charter Law for cities as provided in Chapter 62, Wisconsin Statutes. The City is governed by a Common Council composed of 15 members.

1.3. The duly qualified and acting officers and administrators of the City pertinent to this transaction are as follows:

Officers and Administrators

Shawn N. Reilly, Mayor
Gina Kozlik, City Clerk/Treasurer
Richard Abbott, Finance Director
Kevin M. Lahner, City Administrator
Brian Running, City Attorney
Joseph P. Ciarro, Administrative Services Manager, Waukesha Water Utility

Said officers and administrators were each duly qualified and acting at all times material to the authorization, issuance, sale and delivery of the \$32,800,000 Waterworks System Revenue Bond Anticipation Note, Series 2018, dated April 2, 2018 (the "Note"). The signatures of the Mayor and the City Clerk/Treasurer appearing on the signature page hereof are the genuine signatures of such officers.

1.4. There are no resolutions in effect which require any officers of the City, other than the Mayor and City Clerk, to execute the Note or documents evidencing indebtedness of the City.

2. Record Book; Certification of Transcript; Legal Opinion.

2.1. In accordance with Section 67.05(12), Wisconsin Statutes, the City Clerk/Treasurer has provided and kept a separate record book (the "Transcript") in which the City Clerk/Treasurer has recorded a full and correct statement of every step or proceeding had or taken by the City in the course of issuing the Note referred to in this Certificate. The Transcript attached hereto and made a part hereof is the true and complete transcript of proceedings.

2.2. Pursuant to Sections 67.025 and 893.77, Wisconsin Statutes, the City Clerk/Treasurer has submitted a certified copy of the proceedings preliminary to this issue (i.e., the Transcript of which this Certificate is a part) including a sample of the Note to Quarles &

Brady LLP for its examination and certification. By execution of its Legal Opinion it has certified that the proceedings are regular and valid. The City Clerk/Treasurer has also caused the Legal Opinion to be recorded at length in the Transcript.

3. Authorization; Open Meeting Law Compliance.

3.1. At an open, lawful public meeting of the Common Council held on December 19, 2017, at which a quorum of the members of the Common Council was present in person, a resolution entitled: "Resolution Providing for the Issuance of a Waterworks System Revenue Bond Anticipation Note, Series 2018, in the Amount of Approximately \$32,795,000" was duly adopted by the Common Council.

3.2. At an open, lawful public meeting of the Common Council held on March 6, 2018, at which a quorum of the members of the Common Council was present in person, a resolution entitled: "Resolution Authorizing the Issuance and Sale of Not to Exceed \$32,800,000 Waterworks System Revenue Bond Anticipation Note, Series 2018" was duly adopted by the Common Council.

3.3. The resolutions listed above and included in the Transcript were duly adopted by the Common Council of the City at open, lawful public meetings of the Common Council called, noticed, held and conducted in the manner established by the Common Council and required by pertinent Wisconsin Statutes.

3.4. The resolutions listed above and included in the Transcript were on the agenda for said meetings and public notice thereof was given not less than twenty-four (24) hours prior to the commencement of each of said meetings by (i) posting notice of the meeting; (ii) providing notice to those news media which have filed a written request for notice of meetings; and (iii) providing notice to the official newspaper of the City or, if none exists, a news medium likely to give notice in the area.

3.5. Each of the aforesaid resolutions has been duly recorded in the minutes of the proceedings of said meetings, has not been amended or revoked, and in all other respects is in full force and effect on the date of this Certificate. A true copy of each of the resolutions is attached hereto as a part of the Transcript.

3.6. There are no obligations outstanding which are payable from the revenues of the System, other than the Waterworks System Revenue Bonds, Series 2013, dated May 22, 2013, and the Waterworks System Revenue Bonds, Series 2008, dated April 22, 2008.

3.7. The comptroller or other financial officer of the City has certified to the Common Council that contracts with respect to additions, improvements and extensions to the System have been let and that proceeds of the Note shall be required for the payment of such contracts.

4. No Litigation, Repeal, Revocation or Rescission; No Charter Ordinance.

4.1. No controversy or litigation of any nature is now pending or threatened restraining or enjoining the issuance, execution or delivery of the Note; challenging the establishment or collection of rates and charges for the System, or the appropriations to pay the principal of and interest on the Note; or in any manner questioning the proceedings and authority by which the same have been issued or affecting the validity of the same.

4.2. No authority or proceedings for the issuance of the Note has been repealed, revoked or rescinded.

4.3. No litigation is now pending or threatened with respect to the corporate existence, organization, or boundaries of the City, or the right or title of any officer of the City to his or her respective office. No proceedings are now pending with respect to a change in the form of government of the City or the detachment of territories therefrom.

4.4. No charter ordinance under Section 66.0101, Wisconsin Statutes or direct legislation under Section 9.20, Wisconsin Statutes restricting borrowing by the City has been adopted by the Common Council or electors of the City and no proceedings for such purposes are now pending.

5. Continuing Covenant Agreement. The City has entered into a Continuing Covenant Agreement dated as of April 2, 2018 with BMO Harris Bank N.A. with respect to the Note (the "Agreement"). As required by Section 3.01(d) of the Agreement, the undersigned certify that:

5.1. (A) There has been no event or circumstance since December 31, 2016, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) the representations and warranties contained in Article V of the Agreement and the other Related Documents are true and correct in all material respects, (C) no event has occurred and is continuing, or would result from entry into the Agreement, which would constitute a Default or Event of Default and (D) since the dated date of the Rating Documentation, the unenhanced debt ratings assigned to any Parity Debt has not been withdrawn, suspended or reduced. The capitalized terms used in this paragraph shall have the meanings given to those terms in the Agreement.

5.2. The Issuer is in compliance with the financial covenants set forth in Section 6.09 of the Agreement.

6. Execution of the Notes.

6.1. As Mayor and City Clerk we did officially execute and seal the Note in the principal amount of up to \$32,800,000, and bearing interest as designated thereon.

6.2. The manual or facsimile signatures of the Mayor and City Clerk as shown on the Notes are hereby acknowledged, approved and adopted as our own. The seal as shown on the Notes is a printed facsimile or an actual impression of the official or corporate seal of the City.


7. Delivery; Receipt.

7.1. The City has delivered the Note to BMO Harris Bank N.A. (the "Purchaser").

7.2. The Purchaser has complied in all respects with its contract for the purchase of the Note.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 2nd day of April, 2018.




Shawn N. Reilly
Mayor


Gina Kozlik
City Clerk/Treasurer

**CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW PUBLIC NOTICE REQUIREMENTS**

I, Gina Kozlik, Clerk-Treasurer
(name) (title)
of City of Waukesha
(official name of municipality)

hereby certify that:

1. **Meeting Date.** On the 19 day of December, 2017 a
Common Council meeting was held commencing
(County Board, Common Council, etc.)
at 6:30 o'clock p.m. at City Hall.
(location)

2. **Posting.** On the 15 day of December, 2017 at approximately
2:00 o'clock p.m., I posted or caused to be posted a notice setting forth the time, date,
place and subject matter (including specific reference to the borrowing) of said meeting in the
following public places (include any posting of the notice on the municipality's website and
attach an extra sheet if necessary):

City Hall Bulletin Board
Library
Website

AND/OR

Publication. The _____
(County, City, etc.)

caused a notice setting forth the time, date, place and subject matter (including specific reference
to the borrowing) of said meeting to be published on the _____ day of _____, 20____
by the following news medium or media (attach an extra sheet if necessary):

(If notice was published rather than posted, attach copy
of published notice).

3. **Notification of Media.** On the 15 day of December, 20 17 at approximately 2:00 o'clock p.m., I communicated or caused to be communicated, the time, date, place and subject matter (including specific reference to the borrowing) of said meeting to those news media who have filed a written request for such notice, and to the official newspaper of the City, or, if none exists, to a news medium (County, City, etc.) likely to give notice in the area.

4. **Open Meeting Law Compliance.** Said meeting was a regular meeting of the (regular, special, adjourned annual, etc.) Common Council which was called, noticed, held and (County Board, Common Council, etc.) conducted in open session in compliance with Subchapter V of Chapter 19 of the Wisconsin Statutes and any other applicable local rules and State statutes.


Name: Gina Kozlik
Title: Clerk-Treasurer

Attest:


Name: Kerri Roller
Title: Clerical Assistant



(Note: Questions regarding this form or open meeting law compliance generally should be directed to local counsel or Quarles & Brady LLP.)

Excerpts of Minutes of a Meeting
of the Common Council of the
City of Waukesha

A duly-convened meeting of the Common Council of the City of Waukesha, Waukesha County, Wisconsin, was called, noticed, held and conducted in the manner required by the Common Council and the pertinent Wisconsin Statutes on December 19, 2017. The Mayor called the meeting to order at 6:30 p.m.

The following Alderpersons were present: Ald. Terry Thieme, Ald. Eric Payne, Ald. Cassandra Rodriguez, Ald. Joe Pieper, Ald. Peter Bartels, Ald. Jack Wells, Ald. Daniel Manion, Ald. Kathleen Cummings, Ald. Steve Johnson, Ald. Erik Helgestad, Ald. Aaron Perry, Ald. Dean Lemke, Ald. Bill Boyle, and Ald. Cory Payne

The following Alderpersons were absent: Ald. Vance Skinner

(Here occurred business not pertinent to the financing.)

The following resolution was then moved by Ald. Joe Pieper and seconded by Ald. Terry Thieme :

Resolution No. 56-17

RESOLUTION PROVIDING FOR THE ISSUANCE OF A
WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2018,
IN THE AMOUNT OF APPROXIMATELY \$32,795,000

(A true copy of the resolution as adopted is attached hereto and incorporated herein by reference.)

Upon the vote being taken, the following voted

Aye: Ald. Terry Thieme, Ald. Eric Payne, Ald. Cassandra Rodriguez, Ald. Joe Pieper, Ald. Peter Bartels, Ald. Jack Wells, Ald. Daniel Manion, Ald. Kathleen Cummings, Ald. Steve Johnson, Ald. Erik Helgestad, Ald. Aaron Perry, Ald. Dean Lemke, Ald. Bill Boyle, and Ald. Cory Payne

Nay:

Abstaining:

and the resolution was declared adopted.

(Here occurred business not pertinent to the financing.)

Upon motion made and seconded, the Common Council adjourned.

Certification of Minutes Excerpt

I am the duly qualified and acting City Clerk of the City of Waukesha, Waukesha County, Wisconsin.

I hereby certify that the foregoing is a true and correct excerpt of the official minutes of the duly convened meeting of December 19, 2017, with respect to Common Council action to provide for the issuance of a Waterworks System Revenue Bond Anticipation Note, Series 2018.

I further certify that the attached is a true and correct copy of the resolution adopted by the Common Council at such meeting.

IN WITNESS WHEREOF, I have executed this Certificate in my official capacity this 20 day of December, 2017.




Gina Kozlik, City Clerk

Resolution No. 56-17

RESOLUTION PROVIDING FOR THE ISSUANCE OF A
WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2018,
IN THE AMOUNT OF APPROXIMATELY \$32,795,000

WHEREAS the City of Waukesha, Waukesha County, Wisconsin (the "City") is presently in need of approximately \$32,795,000 for the public purpose of paying the costs of water utility projects and refunding the outstanding Waterworks System Revenue Bonds, Series 2008;

WHEREAS the City intends to issue Waterworks System Revenue Bonds for such purpose pursuant to Section 66.0621 of the Wisconsin Statutes;

WHEREAS it is desirable to anticipate the issuance of such bonds through the issuance of a revenue bond anticipation note pursuant to Section 66.0621(4)(L), Wis. Stats.; and

WHEREAS it is in the best interest of the City to structure the bond anticipation note financing in the form of a line of credit, revolving draw facility or similar financing instrument.

NOW, THEREFORE, BE IT RESOLVED that:

1. The City shall issue a Waterworks System Revenue Bond Anticipation Note, Series 2018, in the amount of approximately \$32,795,000 (the "Note") for the purpose above specified.

2. The Common Council hereby authorizes and directs the officers of the City to take all actions necessary to request proposals from financial institutions for the purchase of the Note in accordance with the terms of a Request for Proposals in substantially the form attached to this Resolution. At a subsequent meeting, the Common Council shall take further action to approve the details of the Note and authorize the issuance and sale of the Note.

Passed this 19th day of December, 2017.

Approved this 19th day of December, 2017.


Mayor

Attest:


City Clerk

**CERTIFICATE OF COMPLIANCE WITH
OPEN MEETING LAW PUBLIC NOTICE REQUIREMENTS**

I, Gina Kozlik, Clerk-Treasurer
(name) (title)
of City of Waukesha
(official name of municipality)
hereby certify that:

1. **Meeting Date.** On the 6th day of March, 2018 a
Common Council meeting was held commencing
(County Board, Common Council, etc.)
at 6:30 o'clock p.m. at City Hall.
(location)
2. **Posting.** On the 2nd day of March 2018 at approximately
2:00 o'clock p.m., I posted or caused to be posted a notice setting forth the time, date,
place and subject matter (including specific reference to the borrowing) of said meeting in the
following public places (include any posting of the notice on the municipality's website and
attach an extra sheet if necessary):

City Hall Bulletin Board
Library
Website

AND/OR

Publication. The _____
(County, City, etc.)
caused a notice setting forth the time, date, place and subject matter (including specific reference
to the borrowing) of said meeting to be published on the _____ day of _____, 20____
by the following news medium or media (attach an extra sheet if necessary):

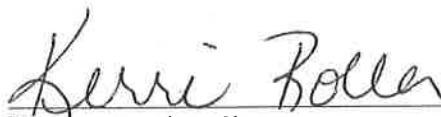
(If notice was published rather than posted, attach copy
of published notice).

3. **Notification of Media.** On the 2nd day of March, 2018 at approximately 2:00 o'clock p.m., I communicated or caused to be communicated, the time, date, place and subject matter (including specific reference to the borrowing) of said meeting to those news media who have filed a written request for such notice, and to the official newspaper of the City or, if none exists, to a news medium (County, City, etc.) likely to give notice in the area.

4. **Open Meeting Law Compliance.** Said meeting was a regular meeting of the (regular, special, adjourned annual, etc.) Common Council which was called, noticed, held and (County Board, Common Council, etc.) conducted in open session in compliance with Subchapter V of Chapter 19 of the Wisconsin Statutes and any other applicable local rules and State statutes.


Name: Gina Kozlik
Title: Clerk-Treasurer

Attest:


Name: Kerri Roller
Title: Clerical Assistant

(Note: Questions regarding this form or open meeting law compliance generally should be directed to local legal counsel or Quarles & Brady LLP.)



Excerpts of Minutes of Meeting
of the
Common Council of the
City of Waukesha

A meeting of the Common Council of the City of Waukesha, Waukesha County, Wisconsin, was duly called, noticed, held and conducted in the manner required by the Common Council and the pertinent Wisconsin Statutes on March 6, 2018. The Mayor called the meeting to order at 6:30 p.m.

The following members were present: Ald. Eric Payne, Ald. Cassandra Rodriguez, Ald. Peter Bartels, Ald. Jack Wells, Ald. Daniel Manion, Ald. Vance Skinner, Ald. Kathleen Cummings, Ald. Steve Johnson, Ald. Erik Helgestad, Ald. Aaron Perry, Ald. Dean Lemke, Ald. Bill Boyle, and Ald. Cory Payne.

The following members were absent: Ald. Terry Thieme and Ald. Joe Pieper.

(Here occurred other business.)

The following resolution was then moved by Ald. Aaron Perry and seconded by Ald. Steve Johnson:

RESOLUTION NO. 16-18

RESOLUTION AUTHORIZING THE ISSUANCE OF
\$16,600,000 GENERAL OBLIGATION PROMISSORY
NOTES AND THE ISSUANCE AND SALE OF A
\$16,600,000 NOTE ANTICIPATION NOTE, SERIES
2018, IN ANTICIPATION THEREOF

(A true copy of the resolution as adopted is attached hereto and incorporated herein by reference.)

Upon the vote being taken, the following voted

Aye: Ald. Eric Payne, Ald. Cassandra Rodriguez, Ald. Peter Bartels, Ald. Jack Wells, Ald. Daniel Manion, Ald. Vance Skinner, Ald. Kathleen Cummings, Ald. Steve Johnson, Ald. Erik Helgestad, Ald. Aaron Perry, Ald. Dean Lemke, Ald. Bill Boyle, and Ald. Cory Payne

Nay:

Abstaining:

and the resolution was declared adopted.

The following resolution was then moved by Ald. Aaron Perry and seconded by Ald. Eric Payne:

RESOLUTION NO. 15-18

RESOLUTION AUTHORIZING THE ISSUANCE AND
SALE OF NOT TO EXCEED \$32,800,000
WATERWORKS SYSTEM REVENUE BOND
ANTICIPATION NOTE, SERIES 2018

(A true copy of the resolution as adopted is attached hereto and incorporated herein by reference.)

Upon the vote being taken, the following voted

Aye: Ald. Eric Payne, Ald. Cassandra Rodriguez, Ald. Peter Bartels, Ald. Jack Wells, Ald. Daniel Manion, Ald. Vance Skinner, Ald. Kathleen Cummings, Ald. Steve Johnson, Ald. Erik Helgestad, Ald. Aaron Perry, Ald. Dean Lemke, Ald. Bill Boyle, and Ald. Cory Payne

Nay:

Abstaining:

and the resolution was declared adopted.

(Here occurred other business.)

Upon motion made and seconded, the Common Council adjourned.

* * * * *


Certification of Minutes Excerpt

I, Gina Kozlik, am the duly qualified and acting City Clerk of the City of Waukesha, Wisconsin. I hereby certify that the foregoing is a true and correct excerpt of the official minutes of the Common Council meeting of March 6, 2018.

I further certify that the attached are true and correct copies of the resolutions adopted by the Common Council at such meeting.

IN WITNESS WHEREOF, I have executed this Certificate in my official capacity on March 6, 2018.





Gina Kozlik
City Clerk

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE ISSUANCE
AND SALE OF NOT TO EXCEED \$32,800,000
WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2018

WHEREAS, the City of Waukesha, Waukesha County, Wisconsin (the "Municipality") owns and operates a waterworks system (the "System") which is operated for a public purpose as a public utility by the Municipality;

WHEREAS, under the provisions of Section 66.0621, Wisconsin Statutes (the "Act"), any municipality in the State of Wisconsin may, by action of its governing body, provide for purchasing, acquiring, constructing, extending, adding to, improving, controlling, conducting, operating or managing a public utility or refunding obligations issued for such purposes from the proceeds of bonds, which bonds are to be payable only from all monies received from any source by such utility (the "Revenues");

WHEREAS, pursuant to Resolution No. 19-08 adopted on April 3, 2008 (the "2008 Resolution"), the Municipality has heretofore issued its Waterworks System Revenue Bonds, Series 2008, dated April 22, 2008 (the "2008 Bonds"), which 2008 Bonds are payable from the income and revenues of the System;

WHEREAS, the Municipality has also heretofore issued its Waterworks System Revenue Bonds, Series 2013, dated May 22, 2013 (the "Safe Drinking Water Bonds"), pursuant to Resolution No. 42-13 adopted by the Common Council on May 7, 2013 (the "2013 Resolution"), which bonds are payable from the Revenues of the System, junior and subordinate to the pledge of Revenues granted to the owners of the 2008 Bonds;

WHEREAS, to adequately meet the needs of the Municipality and the residents thereof, certain improvements, additions and extensions to and acquisitions for the System are necessary (the "Project");

WHEREAS, the Municipality has also determined that it is necessary and desirable to refund the 2008 Bonds (the "Refunded Obligations") (the "Refunding");

WHEREAS, for the purpose of permanently financing the Project and refunding the Refunded Obligations, including paying interest and legal, financing and other professional fees, the Municipality intends by subsequent resolution (the "Bond Resolution") of the governing body of the Municipality (the "Common Council") to authorize the issuance and sale of waterworks system revenue bonds pursuant to the provisions of the Act (the "Bonds"), payable solely from Revenues of the System deposited in the debt service fund referred to herein;

WHEREAS, the Bonds have not yet been issued or sold;

WHEREAS, municipalities are authorized by the provisions of Section 66.0621(4)(L), Wisconsin Statutes, to issue bond anticipation notes in anticipation of receiving the proceeds from the issuance and sale of revenue bonds;

WHEREAS, it is the finding of the Common Council that it is necessary, desirable and in the best interest of the Municipality to authorize the issuance and sale of a waterworks system revenue bond anticipation note pursuant to Section 66.0621(4)(L), Wisconsin Statutes (the "Note") in anticipation of the issuance and sale of the Bonds, to pay the cost of the Project and the Refunding;

WHEREAS, other than the 2008 Bonds and the Safe Drinking Water Bonds, no other bonds or obligations payable from the Revenues of the System are now outstanding;

WHEREAS, the Note is to be issued on a basis junior and subordinate to the 2008 Bonds and the Safe Drinking Water Bonds with respect to the Revenues of the System; and

WHEREAS, it is the finding of the Common Council that it is necessary, desirable and in the best interest of the Municipality to issue and sell the Note to BMO Harris Bank N.A. (the "Bank"), pursuant to the terms and conditions set forth in this Resolution and in the Continuing Covenant Agreement described below.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the Municipality that:

Section 1. Waterworks System Revenue Bonds. The Municipality hereby declares its intention and covenants to authorize the issuance of the Bonds pursuant to the provisions of the Act in an amount sufficient to retire any outstanding bond anticipation notes issued to pay the cost of the Project and the Refunding and the cost of interest and legal, financing and other professional fees in connection therewith. The Bonds will be authorized by the Bond Resolution.

Section 2. Authorization and Sale of the Note; Approval of Continuing Covenant Agreement. In anticipation of the sale of the Bonds, for the purpose of paying the cost of the Project and the Refunding including paying legal, financing and other professional fees in connection therewith, there shall be borrowed pursuant to Section 66.0621(4)(L), Wisconsin Statutes, the principal sum of up to THIRTY-TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$32,800,000) from the Bank in accordance with the terms and conditions set forth in this Resolution. To evidence the obligation of the Municipality, the Mayor and City Clerk are hereby authorized, empowered and directed to make, execute, issue and sell to the Bank for, on behalf of and in the name of the Municipality, the Note in the maximum principal amount of THIRTY-TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$32,800,000).

The Continuing Covenant Agreement between the Municipality and the Bank, in substantially the form attached hereto as Exhibit A (the "CCA") is hereby approved and the Mayor and City Clerk are authorized and directed to execute and deliver the CCA. Capitalized terms used in this Resolution which are not defined herein shall have the meanings given to those terms in the CCA, the 2008 Resolution or the 2013 Resolution as the case may be.

Section 3. Terms of the Note. The Note shall be designated "Waterworks System Revenue Bond Anticipation Note, Series 2018"; shall be issued in the maximum principal amount of \$32,800,000; shall be dated April 2, 2018; and shall be numbered R-1. Principal of the Note may be drawn by the Municipality as needed, upon notice to the Bank in accordance

with the terms of the CCA, to the full amount of the Note or so much thereof as the Municipality may require, and shall be payable on April 1, 2023 (the "Maturity Date").

The Note shall bear interest at a rate per annum equal to the Applicable Interest Rate (defined below) (but only on such amounts as shall have been drawn under the Note from the dates such amounts are drawn). The "Applicable Interest Rate" shall be equal to the lesser of (a) (81% of the LIBOR Rate (as defined below)) plus the Applicable Spread (as defined below) or (b) eighteen percent (18%) (the "Maximum Rate"). Interest is computed on the basis of actual days elapsed and a 360-day year. The Applicable Interest Rate shall be determined by the Bank on the first Business Day (as defined in the CCA) of each month and shall remain in effect, subject to adjustment as set forth herein, until the day prior to the first Business Day of the following month.

"LIBOR Rate" means the one-month London Interbank Offered Rate (or a comparable successor rate as described below) as reported on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Bank from time to time) as reported on the first Business Day of each month, unless such rate is no longer available or published, in which case such rate shall be at a comparable alternate index rate reasonably selected by the Bank with written notice to Municipality. In no event shall the LIBOR Rate be less than 0.00%.

"Applicable Spread" means the following:

(a) Initially seventy-four basis points (.74%) or such lesser number of basis points as may be approved by the Bank and accepted by the Waukesha Water Utility Administrative Services Manager prior to the issuance of the Note (the "Initial Applicable Spread"), *provided, however*, that in the event of any change in any credit rating assigned to the long-term unenhanced debt secured by Revenues of the System by Moody's Investors Service, Inc. (the "Rating Agency"), the Applicable Spread shall be the number of basis points associated with such new rating as set forth in the following schedule:

TIER	CREDIT RATING	APPLICABLE SPREAD
I	Aa2	Initial Applicable Spread
II	Aa3	Initial Applicable Spread plus 0.10%
III	A1	Initial Applicable Spread plus 0.20%
IV	A2	Initial Applicable Spread plus 0.30%
V	A3	Initial Applicable Spread plus 0.40%
VI	Baa1	Initial Applicable Spread plus 0.50%

References in this definition of Applicable Spread are to rating categories as presently determined by the Rating Agency, and in the event of the adoption of any new or changed rating system or a "global" rating scale by the Rating Agency, the rating categories shall be adjusted accordingly to a new rating which most closely approximates the requirements as set forth herein. Any change in the Applicable Spread shall apply when the Applicable Interest Rate is

reset on the first Business Day of the month next succeeding the date on which the change occurs.

Notwithstanding the foregoing provisions, the Applicable Interest Rate shall be adjusted as follows:

(1) From and after any Taxable Date (as defined in the CCA), the Applicable Interest Rate on the Note shall be established at a rate at all times equal to the Taxable Rate (as defined in the CCA).

(2) Upon the occurrence and during the continuation of an Event of Default (as defined in the CCA), the Applicable Interest Rate for the Note shall be established at a rate at all times equal to the Default Rate (as defined in the CCA), payable on demand to the Bank.

(3) If the interest rate on the Note exceeds the Maximum Rate, then the Note shall bear interest at the Maximum Rate and interest on the Note calculated at the rate equal to the difference between (a) the rate of interest on the Note as calculated pursuant hereto and (b) the Maximum Rate (the "Excess Interest") shall be deferred until such date as the rate of interest borne by the Note is below the Maximum Rate, at which time Excess Interest shall be payable with respect to the Note in amounts that, when combined with the then-current interest due on the Note, does not exceed payment at the Maximum Rate.

Interest shall be payable on the first Business Day of April and October of each year, commencing on October 1, 2018, and on the Maturity Date.

Section 4. Redemption Provisions. (a) The Note shall be subject to redemption prior to maturity, at the option of the Municipality, on April 1, 2019 or on any date thereafter, in whole or from time to time in part, at the principal amount thereof, plus accrued interest to the date of redemption.

(b) In addition, prior to April 1, 2019, the Note may be redeemed at the option of the Municipality upon payment of the optional redemption fee provided for in Section 4.08 of the CCA.

Section 5. Form of the Note. The Note shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit B and incorporated herein by this reference.

Section 6. Security. The Note shall in no event be a general obligation of the Municipality nor a charge against its general credit or taxing power. No lien is created upon the System or any other property of the Municipality as a result of the issuance of the Note. The Note shall be payable only from (a) any proceeds of the Note set aside for payment of interest on the Note as it becomes due; (b) proceeds to be derived from the issuance and sale of the Bonds, which proceeds are hereby declared to constitute a special trust fund, hereby created and established, to be held by the City Clerk and expended solely for the payment of the principal of and interest on the Note, until paid, and; (c) a pledge of the Revenues which have been deposited in the Debt Service Fund described in the 2008 Resolution, such pledge being junior and

subordinate to the pledge granted to the owners of the 2008 Bonds and the Safe Drinking Water Bonds.

As authorized and permitted by Section 66.0621(4)(L)6, Wisconsin Statutes, in the event such monies are not sufficient to pay the principal of and interest on the Note when due, if necessary, the Municipality will pay such deficiency out of its annual general tax levy or other available funds of the Municipality; provided, however, that any such payment shall be subject to annual budgetary appropriations therefor and any applicable levy limits; and provided further, that neither this Resolution nor any such payment shall be construed as constituting an obligation of the Municipality to make any such appropriation or any further payments.

Section 7. Funds and Accounts: Application of Revenues. In accordance with the Act, for the purpose of the application and proper allocation of the Revenues of the System, and to secure the payment of the principal of and interest on first, the 2008 Bonds, second, the Safe Drinking Water Bonds, and, third, the Note, certain funds of the System have been heretofore created and established by an ordinance adopted September 22, 1953 (the "Ordinance"), which funds were continued by the 2008 Resolution and the 2013 Resolution and shall be continued and shall be used solely for the purposes set forth in the Ordinance. The Municipality shall apply the Revenues to the respective funds and accounts described in the Ordinance, as continued by the 2008 Resolution and the 2013 Resolution, including the Operation and Maintenance Fund, the Debt Service Fund, the Depreciation Fund and the Surplus Fund, as provided in the Ordinance, the 2008 Resolution and the 2013 Resolution and as set forth below:

(a) Funds and Accounts. Net Revenues of the System shall be deposited in the Revenue Fund of the System, which money shall then be divided in the amounts and in the manner set forth in Section 7(b) among the following funds of the System which were created and established by the Ordinance and are hereby continued and shall be used solely for the following respective purposes:

- (i) Operation and Maintenance Fund, which shall be used for the payment of Current Expenses as defined in the 2008 Resolution and the 2013 Resolution.
- (ii) Debt Service Fund, which shall be used for the payment of the principal of, premium, if any, and interest on, first, the 2008 Bonds and, second, the Safe Drinking Water Bonds and additional bonds issued on a parity with the Safe Drinking Water Bonds ("Parity Bonds") and third, the Note, as the same becomes due. Within the Debt Service Fund, the following accounts have been established: (a) the Interest and Principal Account which shall be used solely for the payment of the principal of, premium, if any, and interest on the 2008 Bonds, the Bonds and Parity Bonds and the Note as the same becomes due, and (b) a Reserve Account which shall secure the payment of principal of and interest on the 2008 Bonds, and is not pledged to the payment of principal of or interest on the Safe Drinking Water Bonds or the Note, and moneys in the Reserve Account shall under no circumstances be used to pay principal of or interest on the Safe Drinking Water Bonds or the Note.

- (iii) Depreciation Fund, which shall be used to provide a proper and adequate depreciation account for the System.
 - (iv) Surplus Fund, which shall first be used whenever necessary to pay principal of, premium, if any, or interest on the 2008 Bonds, the Safe Drinking Water Bonds and Parity Bonds and the Note when the Debt Service Fund shall be insufficient for such purpose, and thereafter shall be disbursed as follows: (i) at any time, to remedy any deficiency in any of the Funds provided in this Section 7; and (ii) money thereafter remaining in the Surplus Fund at the end of any Fiscal Year may be transferred to any of the funds or accounts created herein or to reimburse the general fund of the Municipality for advances made by the Municipality to the System and to pay amounts owed by the Municipality to the Bank under the CCA.
- (b) Application of Revenues. The Gross Earnings of the System shall be deposited as collected in the Revenue Fund and shall be transferred monthly to the funds listed below in the following order of priority and in the manner set forth below:
- (i) to the Operation and Maintenance Fund, in an amount equal to the estimated Current Expenses for such month and for the following month (after giving effect to available amounts in said Fund from prior deposits);
 - (ii) to the Debt Service Fund, for deposit into the Principal and Interest Account, an amount equal to one sixth (1/6) of the next installment of interest coming due on the 2008 Bonds, the Safe Drinking Water Bonds and any Parity Bonds and the Note and an amount equal to one twelfth (1/12) of the installment of principal of the 2008 Bonds, the Safe Drinking Water Bonds and any Parity Bonds coming due during such Bond Year (after giving effect to available amounts in said Account from accrued interest, any premium or any other source), and for deposit into the Reserve Account, any amount required by the 2008 Resolution; and
 - (iii) to the Depreciation Fund, an amount determined by the Common Council to be sufficient to provide a proper and adequate depreciation account for the System; and
 - (iv) to the Surplus Fund, any amount remaining in the Revenue Fund after the monthly transfers required above have been completed.

Transfers from the Revenue Fund to the Operation and Maintenance Fund, the Debt Service Fund, the Depreciation Fund and the Surplus Fund shall be made monthly not later than the twentieth day of each month, and such transfer shall be applicable to monies on deposit in the Revenue Fund as of the last day of the month preceding. Any other transfers and deposits to any fund required or permitted by subsection (b)(i) through (b)(iv) of this Section, except transfers or deposits which are required to be made immediately or annually, shall be made on or before the tenth day of the month. Any transfer or deposit required to be made at the end of any Fiscal Year shall be made within sixty (60) days after the close of such Fiscal Year. If the tenth day of any month shall fall on a day other than a business day, such transfer or deposit shall be made on the next succeeding Business Day.

It is the express intent and determination of the Governing Body that the amounts transferred from the Revenue Fund and deposited in the Debt Service Fund shall be sufficient in any event to pay the interest on the 2008 Bonds, the Safe Drinking Water Bonds and any Parity Bonds and the Note as the same accrues and the principal thereof as the same matures.

Section 8. Service to the Municipality. The reasonable cost and value of services rendered to the Municipality by the System by furnishing services for public purposes, shall be charged against the Municipality and shall be paid by it in installments as the service accrues, out of the current revenues of the Municipality collected or in the process of collection, exclusive of the Revenues derived from the System, and out of the tax levy of the Municipality made by it to raise money to meet its necessary current expenses. However, such payment out of the tax levy shall be subject to (a) any necessary approval of the Public Service Commission, or successors to its function, (b) annual appropriations therefor and (c) any applicable levy limitations; but neither this Resolution nor such payment shall be construed as constituting an obligation of the Municipality to make any such appropriation over and above the reasonable cost and value of services rendered to the Municipality and its inhabitants or make any subsequent payment over and above such reasonable cost and value. Such compensation for such service rendered to the Municipality shall, in the manner hereinabove provided, be paid into the funds provided for in Section 7.

Section 9. Covenants of the Municipality. The Municipality hereby covenants with the owners of the Note that:

(a) It shall issue the Bonds as soon as practicable in an amount sufficient to retire the Note on or prior to the Maturity Date;

(b) It shall segregate the proceeds derived from the sale of the Bonds into a special trust fund herein created and established and shall permit such special trust fund to be used for no purpose other than the payment of the principal of and interest on the Note until paid in full. After the payment of principal of and interest on the Note in full, said special trust fund may be used for such other purposes as the Common Council may direct in accordance with law;

(c) It shall faithfully and punctually perform all duties with reference to the System required by the Constitution and Statutes of the State of Wisconsin, including lawfully establishing reasonable and sufficient rates for services rendered by the System and collecting, depositing, applying and segregating the Revenues of the System to the respective funds and accounts described in Section 7;

(d) It will cause the Project to be constructed as expeditiously as reasonably possible;

(e) It will not sell, lease, or in any manner dispose of the System, including any part thereof or any additions or extensions that may be made part thereto, except that the Municipality shall have the right to sell, lease or otherwise dispose of any property of the System found by the Common Council to be neither necessary nor useful in the operation of the System, provided the proceeds received from such sale, lease or disposal shall be paid into the Debt Service Fund or applied to the acquisition or construction of capital facilities for use in the normal operation of

the System, and such payment shall not reduce the amounts otherwise required to be paid into the Debt Service Fund;

(f) It will pay or cause to be paid all lawful taxes, assessments, governmental charges, and claims for labor, materials or supplies which if unpaid could become a lien upon the System or the Revenues or could impair the security of the Note or the Bonds;

(g) It will maintain the System in reasonably good condition and working order, will operate the System, and will establish, charge and collect such lawfully established rates and charges for the service rendered by the System, so that the amount of the Revenues of the System herein agreed to be set aside to provide for payment of the 2008 Bonds, the Bonds, any Parity Bonds, the Safe Drinking Water Bonds and the Note (exclusive of principal of the Note to be paid from proceeds of the Bonds) and the interest thereon as the same becomes due and payable will be sufficient for that purpose. It will make all good faith efforts so that the Revenues less Current Expenses (the "Net Revenues") from the System in each year will be equivalent to not less than the amount required for payment of principal (exclusive of principal of the Note to be paid from proceeds of the Bonds) and interest on the 2008 Bonds, the Bonds, any Parity Bonds, the Safe Drinking Water Bonds, the Note and any additional obligations payable from revenues of the System for each corresponding year times the greater of (i) 110% or (ii) the highest debt service coverage ratio required with respect to any obligations payable from revenues of the System then outstanding;

(h) The Municipality will not issue and/or incur any additional Debt secured by Net Revenues, unless the Municipality provides the Bank with certificates evidencing that after the incurrence of such Debt, the forecasted Net Revenues for each of the fiscal years of the Municipality through the Maturity Date of the Note are projected to be at least equal to 110% of Maximum Annual Debt Service (as defined in the CCA) of the Municipality, taking into account the proposed Debt to be issued. Forecasted Net Revenues will be calculated by the Municipality and shall take into account any approved increases in rates and charges for the System, including those made to the Municipality.

(i) It will prepare a budget not less than sixty (60) days prior to the end of each fiscal year and, in the event such budget (taking into account income, unencumbered surplus and expense) indicates that earnings for each year will not exceed debt service for each corresponding year by the proportion stated above, will take any and all steps permitted by law to increase rates so that the aforementioned proportion of earnings to debt service shall be accomplished as promptly as possible;

(j) The Note is issued for the purposes for which the Municipality is authorized to issue revenue bonds and for which the Bonds shall be issued;

(k) It will keep proper books and accounts relative to the System, separate from all other records of the Municipality and will cause such books and accounts to be audited annually not later than six months after the close of the fiscal year by a recognized independent firm of certified public accountants. Each such audit, in addition to whatever matters may be thought proper by the accountants, shall include the following in accordance with generally accepted accounting practices: (1) a statement in detail of the income and expenditures of the System for

the fiscal year; (2) a balance sheet as of the end of such fiscal year; (3) the accountants' comment regarding the manner in which the Municipality has carried out the requirements of this Resolution and the accountants' recommendations for any changes or improvements in the operation of the System; (4) the number and types of connections to the System at the end of the year; and (5) a list of the insurance policies in force at the end of the fiscal year setting out as to each policy the amount of the policy, the risks covered, the name of the insurer, and the expiration date of the policy. The owners of the Note or the Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Municipality relating thereto; and

(l) It will carry for the benefit of the owners of the Note and the Bonds insurance of the kinds and in the amounts normally carried by private companies engaged in the operation of similar systems. All money received for losses under any of such insurance policies, except public liability, shall be used in repairing the damage or in replacing the property destroyed, but in the event that the Municipality shall find it inadvisable to repair such damage or replace such property, and that the operation of the System shall not have been impaired thereby, such money may be deposited in the funds described in Section 7, but shall not reduce the amount otherwise required to be paid into said funds.

Section 10. Application of Proceeds. Proceeds of the Note to be used for the purpose of paying the cost of the Project and legal, financing and other professional fees shall be deposited in a special fund hereby designated as "Waterworks System Improvement Fund", which Fund shall be adequately secured. An amount of proceeds of the Note sufficient to provide for payment of the Refunded Obligations shall be drawn by the Municipality no sooner than 90 days before the redemption date for the Refunded Obligations and shall be deposited in a special account designated the "Refunding Fund" for that purpose. Any balance remaining in said Improvement Fund after paying the costs of the Project and the Refunding shall be transferred to the Debt Service Fund for use in payment of principal of and interest on the Note.

Section 11. No Arbitrage. All investments made pursuant to this Resolution shall be Permitted Investments, but no such investment shall be made in such a manner as would cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") or the Regulations and an officer of the Municipality, charged with the responsibility for issuing the Note, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of delivery of the Note to the Bank which will permit the conclusion that the Note is not an "arbitrage bond," within the meaning of the Code or Regulations.

Section 12. Compliance with Federal Tax Laws. (a) The Municipality represents and covenants that the projects financed by the Note and the Refunded Obligations and the ownership, management and use of the projects will not cause the Note or the Refunded Obligations to be "private activity bonds" within the meaning of Section 141 of the Code. The Municipality further covenants that it shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Note including, if applicable, the rebate requirements of Section 148(f) of the Code. The Municipality further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of

the Note) if taking, permitting or omitting to take such action would cause the Note to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Note to be included in the gross income of the recipients thereof for federal income tax purposes. The City Clerk or other officer of the Municipality charged with the responsibility of issuing the Note shall provide an appropriate certificate of the Municipality certifying that the Municipality can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The Municipality also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Note provided that in meeting such requirements the Municipality will do so only to the extent consistent with the proceedings authorizing the Note and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

Section 13. Execution of the Note; Closing; Professional Services. The Note shall be issued in printed form, executed on behalf of the Municipality by the manual or facsimile signatures of the Mayor and City Clerk, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof and delivered to the Bank upon payment to the Municipality of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Note may be imprinted on the Note in lieu of the manual signature of the officer but, unless the Municipality has contracted with a fiscal agent to authenticate the Note, at least one of the signatures appearing on each Note shall be a manual signature. In the event that either of the officers whose signatures appear on the Note shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Note and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The Municipality hereby authorizes the officers and agents of the Municipality to enter into, on its behalf, agreements and contracts in conjunction with the Note, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Note is hereby ratified and approved in all respects.

Section 14. Payment of the Note; Fiscal Agent. The principal of and interest on the Note shall be paid by the City Clerk or City Treasurer (the "Fiscal Agent").

Section 15. Persons Treated as Owners; Transfer of Note. The Municipality shall cause books for the registration and for the transfer of the Note to be kept by the Fiscal Agent. The person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Note shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

Any Note may be transferred by the registered owner thereof by surrender of the Note at the office of the Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such

transfer, the Mayor and City Clerk shall execute and deliver in the name of the transferee or transferees a new Note or Notes of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Note surrendered for transfer.

The Municipality shall cooperate in any such transfer, and the Mayor and City Clerk are authorized to execute any new Note or Notes necessary to effect any such transfer.

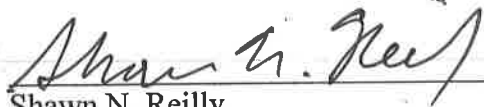
Section 16. Redemption of Refunded Obligations. The Refunded Obligations are hereby called for prior payment on October 1, 2018 at the price of par plus accrued interest to the date of redemption. Proceeds of the Note which are to be used to pay the Refunded Obligations shall be drawn no more than ninety (90) days before the Refunded Obligations are to be redeemed.

The Municipality hereby directs the City Clerk to work with Springsted Incorporated to cause timely notice of redemption, in substantially the form attached hereto as Exhibit C and incorporated herein by this reference (the "Notice"), to be provided at the times, to the parties and in the manner set forth on the Notice. All actions heretofore taken by the officers and agents of the Municipality to effectuate the redemption of the Refunded Obligations are hereby ratified and approved.

Section 17. Record Book. The City Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Note in the Record Book.

Section 18. Conflicting Resolutions, Severability; Effective Date. All prior resolutions, rules or other actions of the Common Council (other than the 2008 Resolution and the 2013 Resolution) or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In case of any conflict between this Resolution and the 2008 Resolution or 2013 Resolution, the 2008 Resolution or 2013 Resolution (as the case may be) shall control as long as any of the 2008 Bonds or Safe Drinking Water Bonds are outstanding. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted, approved and recorded March 6, 2018.


Shawn N. Reilly
Mayor

Attest:


Gina Kozlik
City Clerk



EXHIBIT A

Continuing Covenant Agreement

(See Attached)

CONTINUING COVENANT AGREEMENT

dated as of April 2, 2018,

between

THE CITY OF WAUKESHA, WAUKESHA COUNTY, WISCONSIN

and

BMO HARRIS BANK N.A.

Relating to

\$32,800,000
WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTES,
(SERIES 2018)

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EXHIBITS

- EXHIBIT A — FORM OF COMPLIANCE CERTIFICATE
- EXHIBIT B — FORM OF REQUEST FOR ADVANCE

CONTINUING COVENANT AGREEMENT

THIS CONTINUING COVENANT AGREEMENT, dated as of April 2, 2018 (as amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*"), between THE CITY OF WAUKESHA, WAUKESHA COUNTY, WISCONSIN, a municipality organized under the laws of Wisconsin, and BMO HARRIS BANK N.A., a national banking association.

RECITALS

WHEREAS, The City of Waukesha, Waukesha County, Wisconsin (the "*Issuer*") has issued its Waterworks System Revenue Bond Anticipation Notes, Series 2018 (the "*Notes*") pursuant to a Resolution dated March 6, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and hereof, the "*Resolution*"); and

WHEREAS, the Purchaser has agreed to purchase the Notes and make Advances (as defined herein) in installments in accordance with the terms hereof, and as a condition to such purchase and the making of such Advances, the Purchaser has required the Issuer to enter into this Agreement.

NOW, THEREFORE, to induce the Purchaser to purchase the Notes and make Advances, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Issuer and the Purchaser hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. In addition to the terms defined in the recitals and elsewhere in this Agreement and the Resolution, the following terms shall have the following meanings:

"*Advances*" means, collectively, the Initial Advance and each subsequent Advance made by the Purchase pursuant to Section 2.02(b) hereof.

"*Affiliate*" means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

"*Agreement*" has the meaning set forth in the introductory paragraph hereof.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Issuer from time to time concerning or relating to bribery or corruption.

"Applicable Spread" has the meaning set forth in the Resolution.

"Balloon Notes" means bonds or notes with no scheduled amortization of principal prior to the maturity date hereof.

"Bank Agreement" means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the Issuer secured by or payable from Net Revenues; *provided*, that "Bank Agreements" shall not include financing assistance agreements with the State of Wisconsin Department of Natural Resources Department of Administration with respect to the State of Wisconsin Safe Drinking Water Loan Program.

"Base Rate" means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time, (ii) the Federal Funds Rate in effect at such time *plus* two percent (2%), (iii) the LIBOR Quoted Rate in effect at such time *plus* three percent (3%), and (iv) seven percent (7%).

"Bond Counsel" means Quarles & Brady LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Issuer.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in New York, New York or the states where the principal office of the Issuer is located are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal office of the Purchaser is closed.

"Change in Law" means the adoption of or change in any law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof by any Governmental or quasi-Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives (x) in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (y) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States financial regulatory authorities, in each case of clauses (x) and (y), regardless of the date enacted, adopted, issued, promulgated or implemented, or compliance by the Purchaser with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"Code" means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

"Commitment" means the obligation of the Purchaser to extend Advances in an aggregate principal amount at any one time not to exceed the Commitment Amount.

"Commitment Amount" means \$32,800,000 Dollars and 00/100.

"Commitment Termination Date" means the earliest to occur of (a) the Maturity Date, (b) the date that Advances in the aggregate principal amount of the Commitment Amount have been advanced by the Purchaser, and (c) the occurrence of an Event of Default.

"Compliance Certificate" means a certificate substantially in form of Exhibit A hereto.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Issuer, are treated as a single employer under Section 414 of the Code.

"Credit Protection Provider" means, collectively, (i) any party, including a Noteholder, who issues a letter of credit or provides other credit protection with respect to the Notes and (ii) any party that participates in any such credit protection.

"Debt" of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons and (g) all obligations of such Person under any Swap Agreement.

"Debt Service Requirements" means, with respect to the period of time for which calculated, the aggregate of the payments required to be made during such period in respect of principal (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest on outstanding Debt secured by Net Revenues of each Person or a group of Persons with respect to which calculated; *provided* that interest shall be excluded from the determination of the Debt Service Requirements to the extent that capitalized interest is available to pay such interest; and principal of Debt shall be excluded from the determination of Debt Service Requirements to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal and such amounts so required to be applied are sufficient to pay such principal.

"Default" means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

"*Default Rate*" means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus four percent (4%).

"*Determination of Taxability*" means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Issuer files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Noteholder or any former Noteholder notifies the Issuer that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Issuer of such notification from the Noteholder or any former Noteholder, the Issuer shall deliver to the Noteholder and any former Noteholder a ruling or determination letter issued to or on behalf of the Issuer by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Issuer shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Issuer, or upon any review or audit of the Issuer or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the Issuer shall receive notice from the Noteholder or any former Noteholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Noteholder or such former Noteholder the interest on the Notes due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Issuer has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Noteholder or former Noteholder, the Issuer shall promptly reimburse such Noteholder or former Noteholder for any payments, including any taxes, interest, penalties or other charges, such Noteholder (or former Noteholder) shall be obligated to make as a result of the Determination of Taxability.

"DTC" means The Depository Trust Company.

"Effective Date" means April 2, 2018, subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article III hereof.

"EMMA" means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (a) the protection of the environment, (b) personal injury or property damage relating to the release or discharge of Hazardous Materials, (c) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (d) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

"Event of Default" with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

"Event of Taxability" means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Issuer, or the failure to take any action by the Issuer, or the making by the Issuer of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Notes) which has the effect of causing interest paid or payable on the Notes to become includable, in whole or in part, in the gross income of the Noteholder or any former Noteholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural Law, in either case, which has the effect of causing interest paid or payable on the Notes to become includable, in whole or in part, in the gross income of such Noteholder or such former Noteholder for federal income tax purposes with respect to the Notes.

"Excess Interest Amount" has the meaning set forth in Section 4.05(b) hereof.

"Excluded Taxes" means, with respect to a Noteholder, Taxes imposed on or measured by its overall net income (however denominated), and franchise Taxes and branch profit Taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision

thereof) under the Laws of which it is incorporated or is organized or in which its principal executive office is located.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) charged to the Purchaser on such day on such transactions as determined by the Purchaser. Notwithstanding anything herein to the contrary, if the Federal Funds Rate as determined as provided above would be less than zero percent (0.0%), then the Federal Funds Rate shall be deemed to be zero percent (0.0%).

"Fiscal Year" means the twelve month period from January 1 through the following December 31.

"Fitch" means Fitch Ratings, Inc., and any successor rating agency.

"FRB" means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

"Generally Accepted Accounting Principles" or *"GAAP"* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Issuer.

"Governmental Approval" means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervisory Practices or any successor or similar authority to any of the foregoing).

"Guarantee" means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the *"primary obligor"*) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect,

(i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Hazardous Material" means any explosive or radioactive substances or wastes, any hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and any other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Indemnified Taxes" means Taxes imposed on or with respect to any payment made by or on account of any obligation of the Issuer under any Related Document, other than Excluded Taxes and Other Taxes.

"Indemnitee" has the meaning set forth in Section 8.01 hereof.

"Initial Advance" means the initial Advance made by the Purchaser on the Effective Date pursuant to Section 2.02(a) hereof.

"Interest Payment Date" shall mean with respect to the Notes, (i) the first Business Day of each April and October of each year, commencing October 1, 2018, and (ii) any date on which all of the Notes are redeemed.

"Investment Policy" means the investment policy of the Issuer delivered to the Purchaser, pursuant to Section 3.01(a)(iv) hereof.

"Issuer" means The City of Waukesha, Waukesha County, Wisconsin, a municipal corporation, and any permitted successor or assign thereof hereunder.

"Issuer Representative" means any person authorized from time to time in writing by the Issuer, or its successors and assigns, to perform a designated act or execute a designated document.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Liabilities" has the meaning set forth in Section 8.01 hereof.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Majority Noteholder" means the Noteholders with a majority of the aggregate principal amount of Notes from time to time. As of the Effective Date, BMO Harris Bank N.A. shall be the Majority Noteholder.

"Margin Stock" has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), results of operations, or prospects of the Issuer, (b) the ability of the Issuer to perform its obligations under any Related Documents to which it is a party, or (c) the legality, validity, binding effect or enforceability of any of the Related Documents or the rights or remedies of the Purchaser under the Related Documents.

"Maturity Date" has the meaning set forth in the Resolution.

"Maximum Annual Debt Service Requirements" means the largest total Debt Service Requirements in the current or any succeeding fiscal year of the Issuer; *provided that* for purposes of determining Maximum Annual Debt Service Requirements: (i) the amount of the principal payment due on the Maturity Date of the Notes and any other Balloon Notes secured by the Net Revenues that mature simultaneously with or after the Maturity Date shall be deemed to amortize on a level debt service basis over a thirty (30) year period from the date of issuance thereof; (ii) the interest rate on the Notes and any other Balloon Notes that bear interest at a variable interest rate shall be assumed to be the average of the interest rate on the Notes or such Balloon Notes which was in effect on the last day of each of the last twelve calendar months immediately preceding the month during which the calculation is made.

"Maximum Federal Corporate Tax Rate" means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of

such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Purchaser, the maximum statutory rate of federal income taxation which could apply to the Purchaser as of such day).

"Maximum Interest Rate" means the lesser of (i) the maximum rate of interest on the relevant obligation permitted by applicable law and (ii) eighteen percent (18%) per annum.

"Moody's" means Moody's Investors Service, Inc. and any successor rating agency.

"Net Revenues" has the meaning set forth in the Resolution.

"Noteholder" means the Purchaser and each Purchaser Transferee or Non-Purchaser Transferee pursuant to Section 9.13 hereof so long as such Purchaser Transferee or Non-Purchaser Transferee is an owner of Notes.

"Notes" has the meaning set forth in the recitals hereof.

"Non-Purchaser Transferee" has the meaning set forth in Section 9.13(c) hereof.

"Obligations" means all amounts payable by the Issuer, and all other obligations to be performed by the Issuer, pursuant to this Agreement and the other Related Documents (including, without limitation, all obligations of the Issuer to pay principal of and interest on the Notes when due).

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control, and any successor thereto.

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Related Document.

"Parity Debt" means any Debt issued or incurred by or on behalf of the Issuer and secured on a parity with the Lien on Net Revenues securing the payment of the principal and purchase price of and interest on the Notes and the obligations under this Agreement.

"Patriot Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Person" means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

"Plan" means, with respect to the Issuer at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained, or has within the preceding five plan years been maintained, by a member of the Controlled Group for employees of a member of the Controlled Group of which the Issuer is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the Issuer is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Prime Rate" means on any day, the rate of interest per annum then most recently established by the Purchaser as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Purchaser to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Purchaser may make various business or other loans at rates of interest having no relationship to such rate. If the Purchaser ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported. Notwithstanding anything herein to the contrary, if the Prime Rate determined as provided above would be less than zero percent (0.0%), then the Prime Rate shall be deemed to be zero percent (0.0%).

"Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed, and whether tangible or intangible, whether now owned or hereafter acquired.

"Purchase Price" has the meaning set forth in Section 2.01(a) hereof.

"Purchaser" means, initially, BMO Harris Bank N.A., a national banking association, and its successors and assigns; and upon the receipt from time to time by the Issuer of a notice described in Section 9.13(a) from time to time means the Person designated in such notice as the Purchaser, as more fully provided in Section 9.13(a) hereof.

"Purchaser Letter" has the meaning set forth in Section 9.13(c) hereof.

"Purchaser Transferee" has the meaning set forth in Section 9.13(b) hereof.

"Rating Agency" means any of S&P, Moody's and Fitch, as applicable.

"Rating Documentation" has the meaning set forth in Section 3.01(d)(v) hereof.

"Related Documents" means this Agreement, the Resolution, the Notes and _____, and any other documents related to any of the foregoing or executed in connection therewith, and

any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

"Request for Advance" means a certificate substantially in the form attached hereto as Exhibit A, properly completed and signed by an Issuer Representative, as such form may be amended, modified or updated from time to time by the Purchaser.

"Resolution" has the meaning set forth in the recitals hereof.

"Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Effective Date.

"S&P" means S&P Global Ratings and its successors and assigns.

"Safe Drinking Water Bonds" has the meaning set forth in the Resolution.

"Sanctioned Country" means, at any time, any country or territory which is itself the subject or target of any comprehensive Sanctions.

"Sanctioned Person" means, at any time, (a) any Person or group listed in any Sanctions related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person or group operating, organized or resident in a Sanctioned Country, (c) any agency, political subdivision or instrumentality of the government of a Sanctioned Country, or (d) any Person 50% or more owned, directly or indirectly, by any of the above.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"Senior Debt" means any Debt issued or incurred by or on behalf of the Issuer and secured by Net Revenues on a basis that is senior to the Lien securing Parity Debt.

"Series 2008 Bonds" has the meaning set forth in the Resolution.

"State" means the State of Wisconsin.

"Swap Agreement" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap

transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

"*System*" has the meaning set forth in the Resolution.

"*Taxable Date*" means the date on which interest on the Notes is first includable in gross income of the Noteholder (including, without limitation, any previous Noteholder) thereof as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

"*Taxable Period*" has the meaning set forth in Section 4.03(a) hereof.

"*Taxable Rate*" means, for each day, a rate of interest per annum equal to the product of (i) the interest rate on the Notes for such day and (ii) the applicable Tax Rate Factor.

"*Taxable Rate Factor*" means, for each day that the Taxable Rate is determined, the quotient of (i) one *divided by* (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day, rounded upward to the second decimal place.

"*Taxes*" means and all present or future taxes, duties, levies, imposts, fees, assessments, charges or withholdings, and any and all liabilities with respect to the foregoing, including interest, additions to tax and penalties applicable thereto.

"*Unutilized Amount*" means, as of any date, an amount equal to the difference between (i) the Commitment Amount and (ii) the aggregate amount of the Advances made by the Purchaser.

Section 1.02. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

Section 1.03. Construction. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word "including" shall be deemed to mean "including but not limited to," and "or" has the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation

thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

Section 1.04. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.05 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Issuer or the Purchaser may by notice to the other party hereto, require that the Purchaser and the Issuer negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Issuer shall be the same as if such change had not been made. No delay by the Issuer or the Purchaser in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.04, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

Section 1.05. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference. (a) Nothing in this Agreement shall be deemed to amend, or relieve the Issuer of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Issuer to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Issuer nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.05, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

ARTICLE II

PURCHASE OF NOTES AND ADVANCES

Section 2.01. Purchase of Notes. (a) *Purchase Price.* Upon the conditions set forth in Article III hereof and based on the representations, warranties and covenants of the Issuer set forth herein, the Purchaser hereby agrees to make a loan to the Issuer by purchasing from the Issuer, and the Issuer hereby agrees to sell to the Purchaser, all, but not less than all, of the Notes at the purchase price of \$32,800,000 representing the aggregate principal amount of the Notes (the "*Purchase Price*").

(b) *Closing.* On the Effective Date, the Issuer shall deliver to the Purchaser the documents described in Article III hereof. Upon delivery of such documents and the satisfaction or waiver by the Purchaser of the other conditions precedent set forth in Article III hereof, the Purchaser will make the Initial Advance in immediately available federal funds payable to the Issuer. One fully registered Note shall be issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser. The Notes shall be so issued and registered to and held by the Purchaser, or as otherwise directed by the Purchaser.

Section 2.02. Advances.

(a) *Initial Advance.* Upon satisfaction of the conditions precedent set forth in Section 3.01 hereof, the Purchaser shall make the Initial Advance in the principal amount of [\$_____] to the Issuer.

(b) *Additional Advances.* Prior to the Commitment Termination Date and upon the satisfaction of the conditions precedent set forth in Section 3.02 of this Agreement, the Purchaser shall make one or more Advances to the Issuer; *provided* that the aggregate principal amount of Advances shall not exceed the Commitment Amount. The Issuer acknowledges that the Purchaser shall not be obligated to make Advances except in accordance with the provisions of this Agreement. The Purchaser agrees, by its acceptance of the Notes, that Advances shall be made in the manner and upon the terms and conditions set forth in this Agreement. The Issuer shall not use any Advance for any payment which is not permitted by the Code, the Resolution or this Agreement.

(c) *Requests for Advance.* The Issuer shall give written notice to the Purchaser in the form of a Request for Advance no later 11:00 a.m. Central time on a Business Day which is not less than one (1) Business Day prior to the Business Day the related Advance is to be made (a "*Date of Advance*"); *provided* that the Borrower shall not deliver more than two Requests for Advances in any thirty (30) calendar day period. If the Purchaser receives a Request for Advance at or after 11:00 a.m. Central time on any Business Day, such Request for Advance shall be deemed to have been received on the following Business Day. Requests for Advances shall be delivered to the Purchaser via e-mail or facsimile at the e-mail addresses or the facsimile numbers set forth in Section 9.05 for receipt of Requests for Advances. The Purchaser may note the date and amount of each Advance on Schedule A attached to the Notes.

(d) *Minimum Amounts.* Each Advance, other than the Initial Advance and the final Advance, shall be in the principal amount requested by the Issuer pursuant to each Request for Advance but in any event in a minimum principal amount of \$500,000 or such greater amount which is an integral multiple of \$100,000.

ARTICLE III

CONDITIONS PRECEDENT TO PURCHASE OF NOTES AND INITIAL ADVANCE

Section 3.01. Documentary Requirements. The obligation of the Purchaser to make a loan to the Issuer by purchasing the Notes and making the Initial Advance is subject to the conditions precedent that the Purchaser shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Purchaser.

(a) The following Issuer documents:

(i) copies of the resolutions of the governing body of the Issuer approving the execution and delivery of the Related Documents to which the Issuer is a party, and the other matters contemplated hereby, certified by an Issuer Representative as being true and complete and in full force and effect on the Effective Date;

(ii) Reserved;

(iii) the audited annual financial statements of the Issuer for the Fiscal Year ended December 31, 2016, together with internally prepared financial statements of the Issuer for each fiscal quarter(s) ended since the end of such Fiscal Year;

(iv) a copy of the Issuer's Investment Policy in effect as of the Effective Date;
and

(v) a certificate dated the Effective Date and executed by a Issuer Representative certifying the names and signatures of the persons authorized to sign, on behalf of the Issuer, the Related Documents to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(b) The following financing documents:

(i) an executed original or certified copy, as applicable, of each of the Related Documents;

(ii) one fully registered Note in certificated form, executed by the Issuer, in the principal amount equal to the Purchase Price, issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser; and

(iii) copies of all documentation relating to any Swap Agreement relating to the Notes.

(c) The following opinions, dated the Effective Date and addressed to the Purchaser or on which the Purchaser is otherwise expressly authorized to rely:

(i) from Note counsel to the Issuer, an opinion as to the due authorization, execution, delivery and enforceability of the Related Documents to which the Issuer is a party, and such other customary matters as the Purchaser may reasonably request;

(ii) from Note Counsel, opinions to the effect that the interest on each Advance evidenced by the Notes is excludable from gross income for federal income tax purposes and such other customary matters as the Purchaser may reasonable request.

(d) The following documents and other information:

(i) a certificate dated the Effective Date and executed by a Issuer Representative certifying (A) that there has been no event or circumstance since December 31, 2016, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) that the representations and warranties contained in Article V hereof and the other Related Documents are true and correct in all material respects on the Effective Date, (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default and (D) since the dated date of the Rating Documentation, the unenhanced long-term debt ratings assigned to any Parity Debt has not been withdrawn, suspended or reduced;

(ii) a certificate dated the Effective Date and executed by a Issuer Representative, certifying that the Issuer is in compliance with the financial covenants set forth in Section 6.09 of this Agreement;

(iii) true and correct copies of all Governmental Approvals, if any, necessary for the Issuer to execute, deliver and perform the Related Documents to which it is a party; and

(iv) recent evidence that the unenhanced long-term debt rating assigned by Moody's to any Parity Debt is at least "Aa2" (the "*Rating Documentation*").

Section 3.02. Conditions Precedent to Additional Advances. The obligation of the Purchaser to make an Advance (other than the Initial Advance) is subject to the satisfaction of the following conditions precedent on the Date of Advance:

(a) the representations and warranties of the Issuer set forth in Article V of this Agreement shall be true and correct in all material respects on such Date of Advance (except to the extent any such representation or warranty expressly relates to an earlier date);

(b) no Default or Event of Default shall have occurred and be continuing on such Date of Advance;

(c) the Purchaser shall have received a Request for Advance as required under, and in strict conformity with, Section 2.02(c) hereof; and

(d) neither the Issuer nor the Purchaser shall have received written notice from Bond Counsel that the opinion delivered pursuant to Section 4.01(c)(iii) hereof may no longer be relied upon.

Section 3.03. Litigation. The Purchaser shall have received a written description of all actions, suits or proceedings pending or threatened against the Issuer in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Purchaser may reasonably request.

Section 3.04. Other Matters. All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Purchaser and its counsel, and the Purchaser shall have received such other statements, certificates, agreements, documents and information with respect to the Issuer and the other parties to the Related Documents and matters contemplated by this Agreement as the Purchaser may reasonably request.

Section 3.05. Payment of Fees and Expenses. On or prior to the Effective Date, (i) the Purchaser shall have received reimbursement of the Purchaser's fees and expenses and any other fees incurred in connection with the transaction contemplated by the Related Documents and (ii) Chapman and Cutler LLP, as counsel to the Purchaser, shall have received payment of its legal fees and expenses incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents.

Section 3.06. No Bond Rating; DTC; Offering Document; CUSIP. The Notes shall not be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document, (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service or (v) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

ARTICLE IV

THE ISSUER'S OBLIGATIONS

Section 4.01. Payment Obligations. (a) The Issuer hereby agrees to make prompt and full payment of all payment obligations owed to the Purchaser under the Related Documents in accordance with and subject to the terms of the Notes and the Resolution and to pay any other Obligations owing to the Purchaser whether now existing or hereafter arising, irrespective of

their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.

(b) The Purchaser shall pay all principal of and unpaid accrued interest on the Notes on the Maturity Date. The Issuer shall also pay interest on the Notes on the first Business Day of April and October of each year, commencing on October 1, 2018, in accordance with the terms of the Note.

(c) The Issuer shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Purchaser in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any other Related Document or any consent or waiver by the Purchaser with respect to any Related Document, in each case, in a minimum amount of \$2,500 plus the reasonable fees and expenses of counsel to the Purchaser;

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Purchaser in connection with advising the Purchaser as to its rights and responsibilities under this Agreement and the other Related Documents or in connection with responding to requests from the Issuer for approvals, consents and waivers; and

(iv) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

(d) The Borrower shall pay or cause to be paid to the Purchaser on October 1, 2018, for the period commencing on the Effective Date to and including September 30, 2018, and semiannually in arrears on the first Business Day of each April and October occurring thereafter to the Commitment Termination Date, and on the Commitment Termination Date, a non-refundable commitment fee in an amount equal to the product of the daily average Unutilized Amount and one tenth of one percent (0.10%) per annum during each related quarterly period.

Section 4.02. Increased Payments.

(a) *Increased Costs.* If, on or after the Effective Date, there occurs any Change in Law which:

(i) subjects the Purchaser, any other Noteholder, the Credit Protection Provider or the parent or holding company, if any, of any of the foregoing to any Taxes (other than Excluded Taxes), or changes the basis of taxation of payments (other than

with respect to Excluded Taxes) to the Purchaser or any other Noteholder hereunder or with respect to the Notes, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Purchaser, any other Noteholder or the Credit Protection Provider, or

(iii) imposes any other condition the result of which is to increase the cost to the Purchaser, any other Noteholder, the Credit Protection Provider or the parent or holding company, if any, of any of the foregoing, with respect to this Agreement, the Notes or its making, maintenance or funding of the Notes or any security therefor, or reduces any amount receivable by the Purchaser, any other Noteholder or the Credit Protection Provider with respect to this Agreement, the Notes, or the making, maintenance or funding of any loan, or requires the Purchaser or any other Noteholder to make any payment calculated by reference to any amount received with respect to this Agreement, the Notes, or the making, maintenance or funding of any loan, by an amount deemed material by the Purchaser, other Noteholder or the Credit Protection Provider as the case may be,

and the result of any of the foregoing is to increase the cost to such Purchaser, other Noteholder, the Credit Protection Provider or the parent or holding company, if any, with respect to this Agreement, the Notes, or the making, maintenance or funding of the purchase of the Notes or of participating the same or to reduce the amount received by the Purchaser, other Noteholder or the Credit Protection Provider, as the case may be, in connection with the same, then, within fifteen (15) days of demand by the Purchaser, other Noteholder or the Credit Protection Provider, as the case may be, the Issuer shall pay the Purchaser, other Noteholder or the Credit Protection Provider such additional amount or amounts as will compensate the Purchaser, other Noteholder, the Credit Protection Provider or the parent or holding company, if any, of any of the foregoing, for such increased cost or reduction in amount received.

(b) If the Purchaser, other Noteholder or the Credit Protection Provider determines the amount of capital or liquidity required or expected to be maintained by the Purchaser, other Noteholder, the Credit Protection Provider or any parent, holding company or entity controlling the Purchaser, other Noteholder or the Credit Protection Provider is increased as a result of (i) a Change in Law or (ii) any change on or after the Effective Date in the Risk-Based Capital Guidelines, then, within fifteen (15) days of demand by the Purchaser, other Noteholder or the Credit Protection Provider, the Issuer shall, to the extent permitted by law, pay the Purchaser, other Noteholder or the Credit Protection Provider the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital or liquidity which the Purchaser, other Noteholder or the Credit Protection Provider determines is attributable to this Agreement or the Notes, as the case may be, hereunder (after taking into account the Purchaser, other Noteholder or the Credit Protection Provider's policies as to capital adequacy and liquidity).

(c) In connection with any costs imposed upon the Issuer by the Purchaser, other Noteholder, the Credit Protection Provider or any parent, holding company or entity controlling any of the foregoing, pursuant to this Section 4.02, the Purchaser, other Noteholder or the Credit Protection Provider shall (i) promptly notify the Issuer of such costs and (ii) provide the Issuer with a certificate as to such increased cost, increased capital, increased liquidity or reduction in return incurred by the Purchaser, other Noteholder or the Credit Protection Provider as a result of any event mentioned in paragraph (a) or (b) of this Section 4.02 setting forth, in reasonable detail, the basis for such calculation and the amount of such calculation submitted by the Purchaser, other Noteholder or the Credit Protection Provider to the Issuer which calculation shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Purchaser, other Noteholder or the Credit Protection Provider may make such reasonable estimates, assumptions, allocations and the like that the Purchaser, other Noteholder or the Credit Protection Provider in good faith determines to be appropriate.

(d) Failure or delay on the part of any Noteholder to demand compensation pursuant to this Section 4.02 shall not constitute a waiver of such Noteholders right to demand such compensation.

(e) Without prejudice to the survival of any other agreement of the Issuer hereunder, the agreements and obligations of the Issuer contained in this Section shall survive the termination of this Agreement and the payment in full of the Notes and the obligations of the Issuer thereunder and hereunder.

Section 4.03. Determination of Taxability. (a) In the event a Determination of Taxability occurs, to the extent not payable the Purchaser or any other Noteholder under the terms of the Resolution and the Notes, the Issuer hereby agrees to pay to the Purchaser or any other Noteholder on demand therefor (i) an amount equal to the difference between (A) the amount of interest that would have been paid to the Purchaser or any other Noteholder on the Notes during the period for which interest on the Notes is included in the gross income of the Purchaser or any other Noteholder if the Notes had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest on the Notes actually paid to the Purchaser or any other Noteholder during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by the Purchaser or any other Noteholder as a result of interest on the Notes becoming included in the gross income of the Purchaser or any other Noteholder, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by the Purchaser or any other Noteholder in connection therewith;

(b) Subject to the provisions of paragraph (c) below, the Purchaser or any other Noteholder shall afford the Issuer the opportunity, at the Issuer's sole cost and expense, to contest (i) the validity of any amendment to the Code which causes the interest on the Notes to be included in the gross income of the Purchaser or any other Noteholder or (ii) any challenge to the validity of the tax exemption with respect to the interest on the Notes, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided that*, in no event shall a Noteholder be required to make available its tax returns (or any

other information relating to its taxes that it deems confidential) to the Issuer or any other Person; and

(c) As a condition precedent to the exercise by the Issuer of its right to contest set forth in paragraph (b) above, the Issuer shall, on demand, immediately reimburse the Purchaser or any other Noteholder for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Purchaser or any other Noteholder in its sole discretion) that may be incurred by the Purchaser or any other Noteholder in connection with any such contest, and shall, on demand, immediately reimburse the Purchaser or any other Noteholder for any payments, including any taxes, interest, penalties or other charges payable by the Purchaser or any other Noteholder for failure to include such interest on the Notes in its gross income.

(d) *Survival.* Without prejudice to the survival of any other agreement of the Issuer hereunder, the agreements and obligations of the Issuer contained in this Section shall survive the termination of this Agreement and the payment in full of the Notes and the obligations of the Issuer thereunder and hereunder.

Section 4.04. Default Rate. Upon the occurrence and during the continuance of an Event of Default, the Obligations shall bear interest at the Default Rate, which shall be payable by the Issuer to each Noteholder (or, if applicable, the Purchaser) upon demand therefore and be calculated on the basis of a 360-day year and actual days elapsed.

Section 4.05. Maximum Interest Rate. (a) If the amount of interest payable for any period in accordance with the terms hereof or the Notes exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(b) Any interest that would have been due and payable for any period but for the operation of the immediately preceding paragraph (a) shall accrue and be payable as provided in this paragraph (b) and shall, less interest actually paid to each Noteholder for such period, constitute the "Excess Interest Amount." If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Noteholder of the entire Excess Interest Amount.

Section 4.06. Reserved.

Section 4.07. Obligations Absolute. The payment obligations of the Issuer under this Agreement and the other Related Documents shall be, without setoff or counterclaim, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

(a) any lack of validity or enforceability of this Agreement, the Notes or any of the other Related Documents;

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Issuer may have at any time against the Purchaser, any other Noteholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

(d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Notwithstanding this Section, the Purchaser acknowledges the Issuer may have the right to bring a collateral action with respect to one or more of the foregoing circumstances. The Issuer's payment obligations shall remain in full force and effect pending the final disposition of any such action. All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

Section 4.08. Optional Redemption Fee. The Issuer shall pay to the Purchaser an optional redemption or conversion fee in connection with each optional redemption or prepayment of all or any portion of the Notes prior to April 1, 2019, in an amount equal to the product of (A) the Applicable Spread in effect on the date of optional redemption or prepayment, as applicable, (B) the principal amount of the Notes to be optionally redeemed or prepaid, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such optional redemption or prepayment, as applicable, to and including April 1, 2019, and the denominator of which is 360, payable on the date that all or any portion of the Notes are optionally redeemed or prepaid. The Notes may be redeemed at the option of the Issuer on April 1, 2019 or any date thereafter, in whole or from time to time thereafter in part, at a redemption price equal to the principal amount of the Notes to be redeemed plus accrued interest thereon, and without any prepayment fee or premium.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Issuer makes the following representations and warranties to each Noteholder:

Section 5.01. Existence and Power. The Issuer is a municipal corporation duly organized and validly existing under the laws of the State and has the power and authority to own its properties and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transactions of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

Section 5.02. Due Authorization. (a) The Issuer has the corporate power, and has taken all necessary corporate action to authorize the Related Documents to which it is a party, and to

execute, deliver and perform its obligations under this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms. The Issuer has approved the form of the Related Documents to which it is not a party.

(b) The Issuer is duly authorized and licensed to own its Property and to operate its business under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such Property or business activity and the departments, agencies and political subdivisions thereof, and the Issuer has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the Issuer to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Issuer of this Agreement or the due execution, delivery or performance by the Issuer of the Related Documents.

Section 5.03. Valid and Binding Obligations. This Agreement has been duly executed and delivered by one or more duly authorized officers of the Issuer, and each of the Related Documents to which the Issuer is a party, when executed and delivered by the Issuer will be, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.04. Noncontravention; Compliance with Law. (a) The execution, delivery and performance of this Agreement and each of the other Related Documents in accordance with their respective terms do not and will not (i) contravene the Issuer's authorizing legislation, (ii) require any consent or approval of any creditor of the Issuer, (iii) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (iv) conflict with, result in a breach of or constitute a default under any contract to which the Issuer is a party or by which it or any of its Property may be bound or (v) result in or require the creation or imposition of any Lien upon or with respect to any Property now owned or hereafter acquired by the Issuer or any Affiliate thereof except such Liens, if any, expressly created by any Related Document.

(b) The Issuer is in compliance with all Laws, except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

Section 5.05. Pending Litigation and Other Proceedings. There is no action, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Issuer or any arbitration in which service of process has been completed against the Issuer or, to the knowledge of the Issuer, any other action, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the Issuer or any arbitrator, in

either case against the Issuer or any of its properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Issuer would adversely affect the rights, security, interests or remedies of the Purchaser hereunder or under any of the other Related Documents or which is reasonably likely to result in a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Purchaser has received an opinion of counsel satisfactory to the Purchaser, in form and substance satisfactory to the Purchaser and the Purchaser's legal counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 5.06. Financial Statements. The audited financial statements of the Issuer as at December 31, 2016, and the related consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the Fiscal Year then ended, and accompanying notes thereto, which financial statements, accompanied by the audit report of Baker Tilly, independent public accountants, heretofore furnished to the Purchaser, which are consistent in all material respects with the audited financial statements of the Issuer for the Fiscal Year ended December 31, 2016, fairly present the financial condition of the Issuer in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP. Since December 31, 2016, there has been no material adverse change in the financial condition or operations of the Issuer that could reasonably be expected to result in a Material Adverse Effect.

Section 5.07. Employee Benefit Plan Compliance. The Issuer has no funding liability or obligation currently due and payable with respect to any employee benefit plan which could reasonably be expected to result in a Material Adverse Effect. The Issuer and each employee benefit plan is in compliance in all material respects with the terms of any such plan and applicable law related thereto. Neither the Issuer nor a member of the Controlled Group is subject to ERISA or maintains a Plan.

Section 5.08. No Defaults. No default by the Issuer has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any Parity Debt including, without limitation, regularly scheduled payments on Swap Agreement which constitute Parity Debt. No bankruptcy, insolvency or other similar proceedings pertaining to the Issuer or any agency or instrumentality of the Issuer are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No "default" or "event of default" under, and as defined in, any of the other Related Documents has occurred and is continuing. The Issuer is not presently in default under any material agreement to which it is a party which could reasonably be expected to have a Material Adverse Effect. The Issuer is not in violation of any material term of the organizational documents or authorizing legislation applicable to the Issuer or any material term of any bond indenture or agreement to which it is a party or by which any of its Property is bound which could reasonably be expected to result in a Material Adverse Effect.

Section 5.09. Insurance. The Issuer currently maintains a system of self-insurance or insurance coverage with insurance companies believed by the Issuer to be capable of performing their obligations under the respective insurance policies issued by such insurance companies to

the Issuer (as determined in its reasonable discretion) and in full compliance with Section 9(k) of the Resolution and Section 6.04 hereof.

Section 5.10. Title to Assets. The Issuer has good and marketable title to its assets except where the failure to have good and marketable title to any of its assets would not have a Material Adverse Effect.

Section 5.11. Incorporation by Reference. The representations and warranties of the Issuer contained in the other Related Documents to which the Issuer is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the Issuer in such Sections are hereby made for the benefit of the Purchaser. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Purchaser.

Section 5.12. Correct Information. All information, reports and other papers and data with respect to the Issuer furnished by the Issuer to the Purchaser were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections furnished by the Issuer to the Purchaser were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Purchaser in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of the Issuer, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. No fact is known to the Issuer that materially and adversely affects or in the future may (as far as it can reasonably foresee) materially and adversely affect the security for any of the Notes, or the ability of the Issuer to repay when due the Obligations, that has not been set forth in the financial statements and other documents referred to in this Section 5.12 or in such information, reports, papers and data or otherwise disclosed in writing to the Purchaser. The documents furnished and statements made by the Issuer in connection with the negotiation, preparation or execution of this Agreement and the Related Documents do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Section 5.13. Investment Company. The Issuer is not an "investment company" or a company "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Section 5.14. Margin Stock. The Issuer is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the

issuance of the Notes will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 5.15. Tax-Exempt Status. The Issuer has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Notes from gross income for federal income tax purposes.

Section 5.16. Usury. None of the Related Documents or the Notes provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

Section 5.17. Security. The Resolution creates, for the benefit of the owners of the Notes and the other Obligations, the legally valid and binding pledge of the Net Revenues. There is no lien on the Net Revenues other than the lien created by the Resolution and the lien and pledge of the Net Revenues with respect to the Series 2008 Bonds and Safe Drinking Water Bonds described in the Resolution. The Resolution does not permit the issuance or incurrence of any Debt secured by the Net Revenues to rank senior to the Notes and the other Obligations except that additional Debt senior to the Notes and Obligations and on a parity with the Safe Drinking Water Bonds that may be issued to the State of Wisconsin. The payment of the Notes and the other Obligations ranks on a parity with the payment of the principal and purchase price of and interest on all Parity Debt and is not subordinate to any payment secured by a lien on the Revenues other than payments with respect to the Series 2008 Bonds, the Safe Drinking Water Bonds and the additional bonds to be issued on a parity with the Safe Drinking Water Bonds, or any other claim, and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Resolution or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created thereby on the Net Revenues to secure the Notes and the other Obligations.

Section 5.18. Pending Legislation and Decisions. There is no amendment, or to the knowledge of the Issuer, proposed amendment to the Constitution of the State or any State law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect the issuance of any of the Notes, the security for any of the Notes, or any Obligation, the creation, organization, or existence of the Issuer or the titles to office of any officers executing this Agreement or any Related Documents to which the Issuer is a party or the Issuer's ability to repay when due its obligations under this Agreement, any of the Notes or any other Obligation.

Section 5.19. Taxes. After due inquiry, the Issuer is not aware of any Indemnified Taxes or Other Taxes with respect to this transaction or any Related Document.

Section 5.20. Environmental Matters. The operations of the Issuer are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any

toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action could reasonably be expected to result in a Material Adverse Effect.

Section 5.21. No Immunity. The Issuer is not entitled to claim immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) with respect to itself or its Net Revenues (irrespective of their use or intended use) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any other Related Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or for recovery of property or (iii) execution or enforcement of any judgment to which it or its Net Revenues might otherwise be made subject in any action, suit or proceedings relating to this Agreement or any other Related Document, and no such immunity (whether or not claimed) may be attributed to the Issuer or its Net Revenues.

Section 5.22. No Public Vote or Referendum. There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected to result in a Material Adverse Effect.

Section 5.23. Swap Agreements. The Issuer has not entered into any Swap Agreement relating to Debt (i) wherein any termination payment thereunder is senior to or on a parity with the payment of the Notes or the other Obligations or (ii) which requires the Issuer to post cash collateral to secure its obligations thereunder.

Section 5.24. Anti-Corruption Laws; Sanctions. (a) The Issuer, its Subsidiaries and their respective officers and employees and, to the knowledge of the Issuer, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of the Issuer, any Subsidiary or, to the knowledge of the Issuer or such Subsidiary, any of their respective directors, officers or employees is a Sanctioned Person. Neither the Notes, the use of the proceeds of the Notes or the other transactions contemplated hereby will violate Anti-Corruption Laws or applicable Sanctions.

(b) Neither the purchase of the Notes nor the use of the proceeds thereof will violate the Patriot Act, the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or successor statute thereto. The Issuer and its Subsidiaries are in compliance in all material respects with the Patriot Act.

ARTICLE VI

COVENANTS OF THE ISSUER

The Issuer covenants and agrees, until the full and final payment and satisfaction of all of the Obligations, except in any instance in which the Purchaser specially agrees in writing to any performance or noncompliance, that:

Section 6.01. Existence, Etc. The Issuer (a) shall maintain its existence pursuant to its authorizing legislation and the laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of its property, assets or business, or combine, merge or consolidate with or into any other entity or change the use of facilities or assets that generate Net Revenues.

Section 6.02. Maintenance of Properties. The Issuer shall, in all material respects, maintain, preserve and keep its Property in good repair, working order and condition (ordinary wear and tear excepted), except to the extent that the failure to do so could reasonably be expected to result in a Material Adverse Effect.

Section 6.03. Compliance with Laws, Taxes and Assessments. The Issuer shall comply with all Laws applicable to it and its Property (including all applicable Environmental Laws, Anti-Corruption Laws and applicable Sanctions), except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, paying all taxes, assessments and governmental charges imposed upon it or its Property before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the Issuer are adequate.

Section 6.04. Insurance. The Issuer shall maintain insurance with reputable insurance companies or associations believed by the Issuer at the time of purchase of such insurance to be financially sound and in such amounts and covering such risks as are usually carried by organizations engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage. The Issuer shall upon request of the Purchaser furnish a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section 6.04.

Section 6.05. Reports. The Issuer shall furnish to the Purchaser in form and detail satisfactory to the Purchaser:

(a) *Annual Report.* As soon as available, and in any event within 270 days after the end of the Fiscal Year, the annual audited financial statements of the Issuer together with (1) the opinion of the Issuer's independent accountants and (2) a Compliance Certificate signed by the clerk/treasurer of the Issuer (x) stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to

correct such Event of Default or Default and (y) demonstrating compliance with the financial covenants set forth in Section 6.09 hereof.

(b) *Reserved.*

(c) *Budget.* As soon as available, and in any event within thirty (30) days of the beginning of each Fiscal Year, the operating budget of the Issuer for such Fiscal Year.

(d) *Offering Memorandum and Material Event Notices.* (A) Within ten (10) days after the issuance of any securities by the Issuer with respect to which a final official statement or other offering or disclosure document has been prepared by the Issuer, (1) a copy of such official statement or offering circular or (2) notice that such information has been filed with EMMA and is publicly available; and (B) during any period of time the Issuer is subject to continuing disclosure requirements under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement, immediately following any dissemination, distribution or provision thereof to any Person, (1) a copy of any reportable event notice (as described in b(5)(i)(C) of Rule 15c2-12) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements or (2) notice that such event notice has been filed with EMMA and is publicly available.

(e) *Notice of Default or Event of Default.* (i) Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) days thereafter, a certificate signed by a Issuer Representative specifying in reasonable detail the nature and period of existence thereof and what action the Issuer has taken or proposes to take with respect thereto; (ii) promptly following a written request of the Purchaser, a certificate of a Issuer Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement; and (iii) promptly upon obtaining knowledge of any "default" or "event of default" as defined under any Bank Agreement, notice specifying in reasonable detail the nature and period of existence thereof and what action the Issuer has taken or proposes to take with respect thereto.

(f) *Litigation.* As promptly as practicable, written notice to the Purchaser of all actions, suits or proceedings pending or threatened against the Issuer in any court or before any arbitrator of any kind or before any governmental authority which could reasonably be expected to result in a Material Adverse Effect.

(g) *Patriot Act.* The Issuer shall, and shall cause each Subsidiary to, provide such information and take such actions as are reasonably requested by the Purchaser in order to assist the Purchaser in maintaining compliance with the Patriot Act.

(h) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the Issuer as the Purchaser may from time to time reasonably request.

Section 6.06. Maintenance of Books and Records. The Issuer will keep proper books of record and account in which full, true and correct entries in accordance with GAAP. All financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements, except as otherwise specifically prescribed herein. Except as provided in the immediately preceding sentence, in preparing any financial data or statements contemplated or referred to in this Agreement, the Issuer shall not vary or modify the accounting methods or principles from the accounting standards employed in the preparation of its audited financial statements described in Section 5.06 hereof.

Section 6.07. Access to Books and Records. To the extent permitted by law, the Issuer will permit any Person designated by the Purchaser (at the expense of the Purchaser, unless and until a Default or Event of Default has occurred, at which time such expenses shall be borne by the Issuer) to visit any of the offices of the Issuer to examine the books and financial records (except books and financial records the examination of which by the Purchaser is prohibited by law or by attorney or client privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Issuer with their principal officers, employees and independent public accountants, all upon reasonable notice to the Issuer and at such reasonable times and as often as the Purchaser may reasonably request.

Section 6.08. Compliance With Documents. The Issuer agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Resolution and each of the other Related Documents to which it is a party, which provisions, as well as related defined terms contained therein and any grace periods applicable thereto, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Purchaser and shall be enforceable against the Issuer. To the extent that any such incorporated provision permits the Issuer or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Issuer or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Purchaser in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Purchaser which shall only be evidenced by the written approval by the Purchaser of the same. Except as permitted by Section 6.14 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Issuer with respect thereto made pursuant to the Resolution or any of the other Related Documents to which the Issuer is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Issuer with respect thereto in each case as incorporated by reference herein without the prior written consent of the Purchaser. Notwithstanding any termination or expiration of the Resolution or any such other Related Document to which the Issuer is a party, the Issuer shall continue to observe the covenants therein contained for the benefit of the Purchaser until the termination of this Agreement and the payment in full of the Notes and all other Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express

covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 6.09. Rate Covenant. The Issuer covenants and agrees that it shall take any and all action necessary to cause Net Revenues in each Fiscal Year to equal 110% of the principal and interest payments due on all Debt secured by Net Revenues during each Fiscal Year (other than with respect to principal due at maturity with respect to the Notes and any other Balloon Notes that mature simultaneously with or after the Maturity Date), and to comply with the provisions of Section 9(g) of the Resolution.

Section 6.10. No Impairment. The Issuer will not take any action under the Resolution or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Purchaser under this Agreement or any other Related Document or which could reasonably be expected to result in a Material Adverse Effect.

Section 6.11. Application of Note Proceeds. The Issuer will not take or omit to take any action, which action or omission will in any way result in the proceeds from the issuance of the Notes being applied in a manner other than as provided in the Resolution.

Section 6.12. Priority. The Notes will be junior and subordinate to the Issuer's Series 2008 Bonds and Safe Drinking Water Bonds. Subject to Section 6.13 hereof, the Issuer reserves the right to issue additional bonds on a parity with the Series 2008 Bonds and Safe Drinking Water Bonds or as subordinate debt with a pledge of Net Revenues on a parity with the Notes.

Section 6.13. Limitation on Additional Debt. The Issuer will not issue or permit to be issued and/or incur any additional Debt secured by Net Revenues, unless the Issuer provides the Purchaser with certificates evidencing that after the incurrence of such Debt, the forecasted Net Revenues for each of the fiscal years of the Issuer through the Maturity Date are projected to be at least equal to 110% of Maximum Annual Debt Service of the Issuer, taking into account the proposed Debt to be issued. Forecasted Net Revenues will be calculated by the Issuer and may take into account approved rate increases for the System.

Section 6.14. Related Documents. The Issuer shall not modify, amend or consent to any modification, amendment or waiver in any material respect of any Related Document without the prior written consent of the Purchaser.

Section 6.15. Liens. The Issuer shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any part of the security provided by the Resolution that is senior to or on a parity with the Lien securing the Notes and the Obligations, other than (i) Liens created under and in accordance with the terms of the Resolution; (ii) the Liens created for the benefit of the Notes and the Obligations and other Parity Debt that has heretofore or may hereafter be issued; (iii) Liens which could not reasonably be expected to materially adversely affect the interests, rights, remedies or security of the Purchaser under this Agreement and the other Related Documents; and (iv) Liens and pledges created in connection with the issuance of additional

Debt permitted pursuant to Section 6.13 above and the Resolution. The Issuer shall not attempt to revoke the pledge of security provided in the Resolution.

Section 6.16. Redemptions. The Issuer shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed optional redemption or purchase in lieu of redemption of Notes pursuant to Section 4 of the Resolution.

Section 6.17. Disclosure to Participants, Purchaser Transferees and Non-Purchaser Transferees. The Issuer shall permit the Purchaser to disclose the financial information received by it pursuant to this Agreement to each participant of the Purchaser, Purchaser Transferee and Non-Purchaser Transferee pursuant to Section 9.13 of this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

Section 6.18. Other Agreements. In the event that the Issuer shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement which such Bank Agreement provides such Person with different or more restrictive covenants, different or additional events of default and/or greater rights and remedies than are provided to the Purchaser in this Agreement (including the right to accelerate the payment of any Parity Debt), the Issuer shall provide the Purchaser with a copy of each such Bank Agreement and such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Purchaser shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. The Issuer shall promptly enter into an amendment to this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies; *provided* that the Purchaser shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies even if the Issuer fails to provide such amendment.

Section 6.19. Immunity from Jurisdiction. To the fullest extent permitted by applicable law, with respect to its obligations arising under this Agreement or any other Related Document, the Issuer irrevocably agrees that it will not assert or claim any immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any other Related Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or (iii) execution or enforcement of any judgment to which it or its revenues might otherwise be entitled in any such action, suit or other proceeding, and the Issuer hereby irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues (irrespective of their use or intended use), all such immunity.

Section 6.20. Swap Agreements. Without the prior written consent of the Purchaser, the Issuer will not enter into any Swap Agreement relating to Debt (i) wherein any termination payments thereunder are senior to or on parity with the payment of the Notes (including Unremarketed Notes) or the other Obligations or (ii) which requires the Issuer to post cash collateral to secure its obligations thereunder.

Section 6.21. Direction to Take Action. To the extent Net Revenues are insufficient to pay the Obligations when due, the Issuer shall cause the appropriate official of the Issuer to seek any necessary approval of the Public Service Commission, to include an appropriation in the budget and to levy a tax, all as described in Section 8 of the Resolution, in each case to satisfy the Issuer's Obligations to the extent of the shortfall of Net Revenues.

Section 6.22. Use of Purchaser's Name. The Issuer shall not include any information concerning the Purchaser in any offering document for the Notes that is not supplied in writing, or otherwise approved, by the Purchaser expressly for inclusion therein.

Section 6.23. Maintenance of Tax-Exempt Status of Notes. The Issuer shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of the Notes.

Section 6.24. Investment Policy. All investments of the Issuer have been and will be made in accordance with the terms of the Investment Policy.

Section 6.25. Environmental Laws. The Issuer shall comply with all applicable Environmental Laws and cure any defect (or cause other Persons to cure any such defect) to the extent necessary to bring such real property owned, leased, occupied or operated by the Issuer back into compliance with Environmental Laws and to comply with any cleanup orders issued by a Governmental Authority having jurisdiction thereover. The Issuer shall at all times use commercially reasonable efforts to render or maintain any real property owned, leased, occupied or operated by the Issuer safe and fit for its intended uses. The Issuer shall also immediately notify the Purchaser of any actual or alleged material failure to so comply with or perform, or any material breach, violation or default under any Environmental Law.

Section 6.26. Use of Proceeds. The Issuer shall not use any portion of the proceeds of the Purchase Price of the Notes for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by the Issuer out of such proceeds. The Issuer shall not use or allow to be used, and its directors, officers, employees and agents shall not use or allow to be used, the proceeds of any of the Notes (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (ii) in any manner that would result in the violation of any applicable Sanctions.

Section 6.27. Underlying Rating. The Issuer shall at all times maintain a rating on its long-term unenhanced Parity Debt from at least one Rating Agency. The Issuer covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Parity Debt from any of Moody's if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement or reduce the Applicable Spread.

Section 6.28. Obligation to Issue Bonds. The Issuer will issue bonds secured by the Net Revenues at such times and in such amounts so as to repay the principal of and interest on the Notes, and in any event prior to the Maturity Date.

Section 6.29. Bonding Capacity. The Issuer shall maintain the ability to issue notes or bonds secured by the Net Revenues in an amount sufficient to repay the Notes on the Maturity Date.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.01. Events of Default. The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "Event of Default" hereunder, unless waived in writing by Purchaser:

(a) the Issuer shall fail to pay the principal or purchase price of or interest on any Note when due (whether by scheduled maturity, required prepayment, redemption or otherwise);

(b) the Issuer shall fail to pay any Obligation (other than the obligation to pay the principal or purchase price of or interest on the Notes) when due and such failure shall continue for three (3) Business Days;

(c) any representation or warranty made by or on behalf of the Issuer in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the Issuer shall default in the due performance or observance of any of the covenants set forth in Section 6.01, 6.03, 6.04, 6.05(e), 6.07, 6.08, 6.09, 6.10, 6.13, 6.14, 6.15, 6.18, 6.19, 6.23, 6.27, or 6.28 hereof;

(e) the Issuer shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(f) the Issuer shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action

in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(g) of this Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Issuer or any substantial part of its Property, or a proceeding described in Section 7.01(f)(v) shall be instituted against the Issuer and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Issuer by the Issuer or any Governmental Authority with appropriate jurisdiction;

(i) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Notes or (B) the validity or enforceability of the pledge of the Net Revenues or any other pledge or security interest created by the Resolution shall at any time for any reason cease to be valid and binding on the Issuer as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable; or

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Notes, or (B) the validity or enforceability of the pledge of the Net Revenues or any other pledge or security interest created by the Resolution shall be publicly contested by the Issuer; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Issuer as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Issuer;

(j) dissolution or termination of the existence of the Issuer;

(k) the Issuer shall (i) default on the payment of the principal of or interest on any Parity Debt including, without limitation, any regularly scheduled payments on Swap Agreements which constitute Parity Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Parity Debt or contained in any instrument or agreement evidencing, securing or

relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to cause (determined without regard to whether any notice is required) any such Parity Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Parity Debt;

(l) the Issuer shall (i) default on the payment of the principal of or interest on any Debt (other than Parity Debt) including, without limitation, any regularly scheduled payments on Swap Agreements, aggregating in excess of \$500,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Parity Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Parity Debt) aggregating in excess of \$500,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt;

(m) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Purchaser, in an aggregate amount in excess of \$500,000 shall be entered or filed against the Issuer or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(n) any "event of default" under any Related Document (as defined respectively therein) shall have occurred; or

(o) Moody's shall have downgraded its rating of any long-term unenhanced Debt of the Issuer to below "Baa+" (or its equivalent), or suspended or withdrawn its rating of the same.

Section 7.02. Consequences of an Event of Default. If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Purchaser may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(i) by written notice to the Issuer, declare the outstanding amount of the Obligations under this Agreement (and not the principal of and interest on the Notes) to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue;

(ii) deliver a written notice to the Issuer that an Event of Default has occurred and is continuing and take such remedial action as is provided for in the Resolution;

(iii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Issuer under the Related Documents, whether for specific performance of any agreement or covenant of the Issuer or in aid of the execution of any power granted to the Purchaser in the Related Documents;

(iv) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Purchaser shall have no obligation to effect such a cure; and

(v) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents (other than as provided for in clause (ii) of this Section 7.02(a)) and as otherwise available at law and at equity.

Section 7.03. Remedies Cumulative; Solely for the Benefit of Purchaser. To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy herein specifically given to the Purchaser in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Purchaser, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Purchaser specified herein are for the sole and exclusive benefit, use and protection of the Purchaser, and the Purchaser is entitled, but shall have no duty or obligation to the Issuer or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Purchaser hereunder or under any of the other Related Documents.

Section 7.04. Waivers or Omissions. No delay or omission by the Purchaser in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Purchaser or to be acquiescence therein. No express or implied waiver by the Purchaser of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

Section 7.05. Discontinuance of Proceedings. In case the Purchaser shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Purchaser shall have

the unqualified right so to do and, in such event, the Issuer and the Purchaser shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Purchaser hereunder shall continue as if the same had never been invoked.

ARTICLE VIII

INDEMNIFICATION

Section 8.01. Indemnification. In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Issuer hereby agrees (to the extent permitted by law) to indemnify and hold harmless each Noteholder or Credit Protection Provider and its officers, directors and agents (each, an "Indemnitee") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the "Liabilities") by reason of or in connection with (a) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (b) the issuance and sale of the Notes; (c) the use of the proceeds of the Notes; or (d) any actual or alleged presence or release of Hazardous Materials on or from any Property owned or operated by the Issuer, any environmental liability related in any way to the Issuer; *provided* that the Issuer shall not be required to indemnify an Indemnitee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnitee. Nothing under this Section 8.01 is intended to limit the Issuer's payment of the Obligations.

Section 8.02. Survival. The obligations of the Issuer under this Article VIII shall survive the payment of the Notes and the termination of this Agreement.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Patriot Act Notice. The Purchaser hereby notifies the Issuer that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Purchaser to identify the Issuer in accordance with the Patriot Act. The Issuer hereby agrees that it shall promptly provide such information upon request by the Purchaser.

Section 9.02. Further Assurances. From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its

rights hereunder or thereunder. At any time, and from time to time, upon request by the Purchaser, the Issuer will, at the Issuer's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates, and other documents as may, in the opinion of the Purchaser, be necessary or desirable in order to complete, perfect or continue and preserve the Lien of the Resolution. Upon any failure by the Issuer to do so, the Purchaser may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Issuer, all at the sole expense of the Issuer, and the Issuer hereby appoints the Purchaser the agent and attorney-in-fact of the Issuer to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, the Issuer irrevocably authorizes the Purchaser at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by the Purchaser to establish or maintain the validity, perfection and priority of the security interests granted in the Resolution, and the Issuer ratifies any such filings made by the Purchaser prior to the date hereof. In addition, at any time, and from time to time, upon request by the Purchaser, the Issuer will, at the Issuer's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Purchaser, be necessary or desirable in order to verify the Issuer's identity and background in a manner satisfactory to the Purchaser.

Section 9.03. Amendments and Waivers; Enforcement. The Purchaser and the Issuer may from time to time enter into agreements amending, modifying or supplementing this Agreement or the other Related Documents or changing the rights of the Purchaser or the Issuer hereunder or thereunder, and the Purchaser may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Issuer hereunder or thereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

Section 9.04. No Implied Waiver; Cumulative Remedies. No course of dealing and no delay or failure of the Purchaser in exercising any right, power or privilege under this Agreement or the other Related Documents shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Purchaser under this Agreement are cumulative and not exclusive of any rights or remedies which the Purchaser would otherwise have under any Related Document, at law or in equity.

Section 9.05. Notices. All notices, requests, demands, directions and other communications (collectively "notices") under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (i) if by first class mail, five (5) days after mailing; (ii) if by overnight delivery, on the

next Business Day; (iii) if by telephone, when given to a person who confirms such receipt; and (iv) if by facsimile, when confirmation of receipt is obtained. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

The Issuer: The City of Waukesha, Waukesha County, Wisconsin
[]
[]
Attention: []
Facsimile: () []
Telephone: () []
Email: _____

The Purchaser: BMO Harris Bank N.A.
111 West Monroe Street
Chicago, Illinois 60603
Attention: John Mattern
Facsimile: (312) 293-5811
Telephone: (312) 461-3295
Email: john.mattern@bmo.com

The Purchaser with respect to a Request for an Advance: BMO Harris Bank N.A.
111 West Monroe Street
Chicago, Illinois 60603
Attention: _____
Facsimile: () _____
Telephone: () _____
Email: _____

The Purchaser may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

Section 9.06. Right of Setoff. (a) Upon the occurrence of an Event of Default, a Noteholder may, at any time and from time to time, without notice to the Issuer or any other person (any such notice being expressly waived), set off and appropriate and apply against and on account of any Obligations under this Agreement, without regard to whether or not such Noteholder shall have made any demand therefor, and although such Obligations may be contingent or unmatured, any and all deposits (general or special, including but not limited to deposits made pursuant to this Agreement and Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, such as restricted donor accounts) and any other Debt at any time held or owing by such Noteholder to or for the credit or the account of any or all of the Issuer.

(b) Each Noteholder agrees promptly to notify the Issuer after any such set-off and application referred to in subsection (a) above, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. Subject to the provisions of subsection (a) above, the rights of a Noteholder under this Section 9.06 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Noteholder may have.

Section 9.07. No Third-Party Rights. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Noteholders any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

Section 9.08. Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 9.09. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.
(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF WISCONSIN.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF WISCONSIN AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE STATE OF WISCONSIN. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF WISCONSIN AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT. REGARDLESS OF WHETHER THE PARTY'S ACTIONS TOOK PLACE IN THE STATE OF WISCONSIN OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE RELATED DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

(d) The covenants and waivers made pursuant to this Section 9.09 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 9.10. Prior Understandings. This Agreement and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

Section 9.11. Duration. All representations and warranties of the Issuer contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the other Related Documents. All covenants and agreements of the Issuer contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been fully discharged.

Section 9.12. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

Section 9.13. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Issuer, its successors, transferees and assigns and shall inure to the benefit of the Noteholders and their respective permitted successors, transferees and assigns. The Issuer may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser. Each Noteholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Notes and the Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. BMO Harris Bank N.A. shall be the Purchaser hereunder until such time as the Majority Noteholder designates an alternate Person to serve as the Purchaser hereunder by delivery of written notice to the Issuer and such Person accepts and agrees to act as the Purchaser hereunder and under the Related Documents. The Majority Noteholder may so designate an alternate Person to act as the Purchaser from time to time. Upon acceptance and notification thereof to the Issuer, the successor to the Purchaser for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Purchaser, and BMO Harris Bank N.A. or any other Person being replaced as the Purchaser shall be discharged from its duties and obligations as the Purchaser hereunder.

(b) *Sales and Transfers by Noteholder to a Purchaser Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Notes to a Person that is (i) an Affiliate of the Purchaser or (ii) a trust or other custodial arrangement established by the Purchaser or an Affiliate of the Purchaser (each, a "*Purchaser Transferee*"). From and after the date of such sale or transfer, BMO Harris Bank N.A. (and its successors) shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Issuer shall be

required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Issuer.

(c) *Sales and Transfers by Noteholder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer all or any portion of the Notes to one or more transferees that the Purchaser reasonably believes is qualified to purchase or hold the Notes which are not Purchaser Transferees (each a "Non-Purchaser Transferee") if written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the Issuer and the Purchaser (if different than the Noteholder) by such selling Noteholder and Non-Purchaser Transferee.

From and after the date the Issuer and the selling Noteholder have received written notice and an executed Purchaser Letter, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Noteholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Noteholder hereunder and under the other Related Documents shall thereafter refer to such transferring Noteholder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Noteholder no longer owns any Notes, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

(d) *Participations.* The Purchaser shall have the right to grant participations in all or a portion of the Purchaser's interest in the Notes, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however,* that (i) no such participation by any such participant shall in any way affect the obligations of the Purchaser hereunder and (ii) the Issuer shall be required to deal only with the Purchaser, with respect to any matters under this Agreement, the Notes and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Issuer.

(e) *Certain Pledges.* In addition to the rights of the Purchaser set forth above, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights or interests under the Notes, this Agreement and/or the Related Documents to secure obligations of the Purchaser or an Affiliate of the Purchaser, including any pledge or assignment to secure obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto.

Section 9.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 9.15. No Fiduciary Relationship. The Issuer acknowledges and agrees that its dealing with the Purchaser are solely in the nature of a debtor/creditor relationship and that in no event shall the Purchaser be considered to be a partner or joint venturer of the Issuer. Also, the Issuer represents and warrants that it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of the Purchaser (including agents of the Purchaser), if any, in deciding to pursue such undertaking. As the Issuer is experienced in business, in no event shall the Purchaser owe any fiduciary or similar obligations to it in connection with the subject transaction.

Section 9.16. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

BMO HARRIS BANK N.A.

By _____
Name: _____
Title: _____

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By _____
Name: _____
Title: Mayor

By _____
Name: _____
Title: City Clerk

EXHIBIT A

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this "*Certificate*") is furnished to BMO Harris Bank N.A. (the "*Purchaser*") pursuant to that certain Continuing Covenant Agreement dated as of April 2, 2018 (the "*Agreement*"), between The City of Waukesha, Waukesha County, Wisconsin (the "*Issuer*") and Purchaser. Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected chief financial officer of the Issuer;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Issuer during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below;
4. The financial statements required by Section 6.05 of the Agreement and being furnished to you concurrently with this certificate fairly represent the consolidated financial condition of the Issuer in accordance with GAAP (subject to year end adjustments) as of the dates and for the periods covered thereby.
5. Attached are true and accurate calculations demonstrating compliance with the financial covenant[s] set forth in Section 6.09 of the Agreement for the periods specified in such attachment.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Issuer has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications and the financial statements delivered with this Certificate in support hereof, are made and delivered this _____ day of _____, 20__.

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By: _____

Name: _____

Title: _____

[ATTACHMENT TO COMPLIANCE CERTIFICATE

COMPLIANCE CALCULATIONS FOR CONTINUING COVENANT AGREEMENT DATED AS OF
APRIL 2, 2018

Calculations as of _____, 20__]

A. _____ (Section ____)

1. \$ _____

2. \$ _____

3. Ratio of Line A1 to Line A2 _____

4. Line A3 must not be [less][greater] than _____:1.00

5. The Issuer is in compliance (circle one) Yes/No

The foregoing certifications, together with the computations set forth in the Attachment hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this ___ day of _____, 20__.

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By: _____
Name: _____
Title: _____

EXHIBIT B

**FORM OF
REQUEST FOR ADVANCE**

[Date]

BMO Harris Bank N.A.

111 West Monroe St

Chicago, IL 60603

Attention: []

Facsimile: [()]

Email: []

Ladies and Gentlemen:

The undersigned, **[Insert Name of Undersigned]** the _____ of The City of Waukesha, Waukesha County, Wisconsin (the "*Borrower*"), refers to that certain Continuing Covenant Agreement dated as of **[April 2, 2018]** (the "*Agreement*") between the Borrower and BMO Harris Bank N.A. (the "*Purchaser*"), the terms defined therein being used herein as therein defined, and hereby gives the Purchaser notice irrevocably, pursuant to Section 2.02(c) of the Agreement, of the Advance specified below:

1. The Business Day of the proposed Advance is _____, 20__.
2. The principal amount of the proposed Advance is \$_____.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Date of Advance, before and after giving effect thereto:

(a) the representations and warranties of the Borrower set forth in Article V of the Agreement shall be true and correct in all material respects on such Date of Advance (except to the extent any such representation or warranty expressly relates to an earlier date); and

(b) no Default or Event of Default shall have occurred and be continuing on such Date of Advance; and

(c) none of the Issuer or the Purchaser shall have received written notice from Bond Counsel that the opinion delivered pursuant to Section 4.01(c)(iii) of the Agreement may no longer be relied upon.

The Advance shall be made by the Purchaser by wire transfer of immediately available funds to the Trustee in accordance with the instructions on file with the Purchaser.

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By: _____

Name: _____

Title: _____

EXHIBIT B

(Form of Note)

REGISTERED	UNITED STATES OF AMERICA	DOLLARS
	STATE OF WISCONSIN	
	WAUKESHA COUNTY	
NO. R-1	CITY OF WAUKESHA	\$32,800,000
	WATERWORKS SYSTEM REVENUE	
	BOND ANTICIPATION NOTE, SERIES 2018	

MATURITY DATE:

ORIGINAL DATE OF ISSUE:

April 1, 2023

April 2, 2018

REGISTERED OWNER: BMO Harris Bank N.A.

PRINCIPAL AMOUNT: THIRTY-TWO MILLION EIGHT HUNDRED THOUSAND
DOLLARS (\$32,800,000)

FOR VALUE RECEIVED, the City of Waukesha, Waukesha County, Wisconsin (the "Municipality"), hereby acknowledges itself to owe and promises to pay to the Registered Owner identified above (or to registered assigns) ("Registered Owner"), on the maturity date identified above, the principal amount identified above (but only so much as shall have been drawn hereunder) and to pay interest thereon at the Applicable Interest Rate (defined below) (but only on amounts as shall have been drawn hereunder from the dates the amounts are drawn hereunder), all subject to the provisions set forth herein regarding redemption prior to maturity. The "Applicable Interest Rate" shall be equal to the lesser of (a) (81% of the LIBOR Rate (as defined below)) plus the Applicable Spread (as defined below) or (b) eighteen percent (18%) (the "Maximum Rate"). Interest is computed on the basis of actual days elapsed and a 360-day year. Interest is payable semi-annually on the first Business Days of April and October of each year, commencing on October 1, 2018 and on the Maturity Date set forth above. The Applicable Interest Rate shall be determined by the Bank on the first Business Day (as defined in the CCA) of each month and shall remain in effect, subject to adjustment as set forth herein, until the day prior to the first Business Day of the following month.

"LIBOR Rate" means the one-month London Interbank Offered Rate (or a comparable successor rate as described below) as reported on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Bank from time to time) as reported on the first Business Day or each month, unless such rate is no longer available or published, in which case such rate shall be at a comparable alternate index rate reasonably selected by the Bank with written notice to Municipality. In no event shall the LIBOR Rate be less than 0.00%.

"Applicable Spread" means the following:

(a) Initially _____ basis points (_____%), *provided, however*, that in the event of any change in any credit rating assigned to the long-term unenhanced debt of the System by Moody's Investors Service, Inc. (the "Rating Agency"), the Applicable Spread shall be the number of basis points associated with such new rating as set forth in the following schedule:

TIER	CREDIT RATING	APPLICABLE SPREAD
I	Aa2	_____%
II	Aa3	_____%
III	A1	_____%
IV	A2	_____%
V	A3	_____%
VI	Baa1	_____%

References in this definition of Applicable Spread are to rating categories as presently determined by the Rating Agency, and in the event of the adoption of any new or changed rating system or a "global" rating scale by the Rating Agency, the rating categories shall be adjusted accordingly to a new rating which most closely approximates the requirements as set forth herein. Any change in the Applicable Spread shall apply when the Applicable Interest Rate is reset on the first Business Day of the month next succeeding the date on which the change occurs.

Notwithstanding the foregoing provisions, the Applicable Interest Rate shall be adjusted as follows:

(1) From and after any Taxable Date, the Applicable Interest Rate on the Note shall be established at a rate at all times equal to the Taxable Rate.

(2) Upon the occurrence and during the continuation of an Event of Default, the Applicable Interest Rate for the Note shall be established at a rate at all times equal to the Default Rate, payable on demand to the Bank.

(3) If the interest rate on the Note exceeds the Maximum Rate, then the Note shall bear interest at the Maximum Rate and interest on the Note calculated at the rate equal to the difference between (a) the rate of interest on the Note as calculated pursuant hereto and (b) the Maximum Rate (the "Excess Interest") shall be deferred until such date as the rate of interest borne by the Note is below the Maximum Rate, as which time Excess Interest shall be payable with respect to the Note in amounts that, when combined with the then-current interest due on the Note, does not exceed payment at the Maximum Rate.

Both the principal of and interest on this Note are payable in lawful money of the United States by the City Clerk or City Treasurer (the "Fiscal Agent").

Payment of each installment of interest shall be made to the Registered Owner hereof who shall appear on the registration books of the Municipality maintained by the Fiscal Agent and shall be paid by check or draft of the Municipality mailed to such Registered Owner at his

address as it appears on such registration books or at such other address as may be furnished in writing by such Registered Owner to the Fiscal Agent. Principal of this Note shall be payable only upon presentation and surrender of this Note at the office of the Fiscal Agent.

This Note is issued by the Municipality pursuant to the provisions of Section 66.0621(4)(L), Wisconsin Statutes, for the purpose of paying the cost of additions, extensions and improvements to the City's Waterworks System (the "Project") and refunding obligations issued to finance improvements to the Waterworks System (the "Refunding"), all as authorized by a resolution of the Common Council duly adopted by said governing body at a meeting held on March 6, 2018 (the "Resolution"). The Resolution is recorded in the official minutes of the Common Council for said date.

In the Resolution, the Common Council declared its intention and covenanted to issue Waterworks System Revenue Bonds (the "Revenue Bonds") for the purpose of paying the cost of the Project and the Refunding. The Note is issued to anticipate the sale of the Revenue Bonds.

The Note is payable only from:

- 1) any proceeds from the issuance and sale of the Note set aside for payment of interest on the Note;
- 2) the proceeds derived from the issuance and sale of the Revenue Bonds which shall be set aside as a special trust fund for that purpose; and
- 3) a pledge of the income and revenues of the Municipality's Waterworks System deposited in the Debt Service Fund (as defined in the Resolution) with the same priority of pledge as that to be enjoyed by the Revenue Bonds, such pledge being junior and subordinate to the pledge granted to the owners of the Waterworks System Revenue Bonds, Series 2008, dated April 22, 2008 and the Waterworks System Revenue Bonds, Series 2013, dated May 22, 2013.

THE NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE MUNICIPALITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. NO LIEN IS CREATED UPON THE WATERWORKS SYSTEM OR ANY OTHER PROPERTY OF THE MUNICIPALITY AS A RESULT OF THE ISSUANCE OF THE NOTE.

The Note is subject to redemption prior to maturity, at the option of the Municipality, on April 1, 2019 or on any date thereafter, in whole or from time to time in part, at the principal amount thereof, plus accrued interest to the date of redemption. In addition, prior to April 1, 2019, the Note is subject to redemption at the option of the Municipality upon payment of an optional redemption fee as described in the Authorizing Resolution.

Before the redemption of the Note, unless waived by the registered owner, the Municipality shall give notice of such redemption by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Note to be redeemed, in whole or in part, at the address shown on the registration books. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or

not the registered owner receives the notice. The Note shall cease to bear interest on the specified redemption date, provided that federal or other immediately available funds sufficient for such redemption are on deposit with the registered owner at that time. Upon such deposit of funds for redemption the Note shall no longer be deemed to be outstanding.

Capitalized terms used in this Note which are not defined herein shall have the meaning given to those terms in the Continuing Covenant Agreement dated April 2, 2018 between the Municipality and BMO Harris Bank N.A. relating to the Note.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Note have been done, have existed and have been performed in due form and time. The Municipality has covenanted to issue and sell the Revenue Bonds, the sale of which this Note anticipates, as soon as practicable and to set aside the proceeds of the Revenue Bonds into a special trust fund for the payment of the principal of and interest on this Note.

This Note is transferable only upon the books of the Municipality kept for that purpose at the office of the Fiscal Agent, upon surrender of the Note to the Fiscal Agent, and thereupon a new fully registered Note in the same aggregate principal amount shall be issued to the new Registered Owner in exchange therefor and upon the payment of a charge sufficient to reimburse the Municipality for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the Note after such Note has been called for redemption. The Fiscal Agent and Municipality may treat and consider the Registered Owner in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever. The Note is issuable solely as a negotiable, fully-registered Note without a coupon.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

IN WITNESS WHEREOF, the City of Waukesha, Waukesha County, Wisconsin, by its governing body, has caused this Note to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Mayor and City Clerk; and to be sealed with its official or corporate seal, all as of the original date of issue specified above.

CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By: _____
Shawn N. Reilly
Mayor

(SEAL)

By: _____
Gina Kozlik
City Clerk

COPY

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

(Social Security or other Identifying Number of Assignee)

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints _____, Legal Representative, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

(e.g. Bank, Trust Company
or Securities Firm)

(Registered Owner)

COPY

NOTICE: This signature must correspond with the name of the Registered Owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

(Authorized Officer)

*The Internal Revenue Code of 1986 (IRC Section 149) requires that for interest on a municipal obligation with a term greater than one year to be exempt from federal income tax, the obligation must be issued and remain in registered form.

Section 67.09, Wisconsin Statutes provides that the City Clerk of the City when acting as the registrar shall record the registration of each note or bond in its bond registrar. Therefore, if this Note is to be assigned, the City Clerk of the City should be notified and a copy of this Assignment should be sent to the City Clerk of the City for his or her records.

EXHIBIT C

NOTICE OF FULL CALL*

Regarding

City of Waukesha,
Waukesha County, Wisconsin
Waterworks System Revenue Bonds, Series 2008
Dated April 22, 2008

NOTICE IS HEREBY GIVEN that the Bonds of the above-referenced issue which mature on the dates and in the amounts; bear interest at the rates; and have CUSIP Nos. as set forth below have been called by the City for prior payment on October 1, 2018 at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date of prepayment:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
10/01/2019	\$400,000	4.25%	943113KG4
10/01/2020	415,000	4.25	943113KH2
10/01/2021	435,000	4.25	943113KJ8
10/01/2022	455,000	4.375	943113KK5

The City shall deposit federal or other immediately available funds sufficient for such redemption at the office of The Depository Trust Company on or before October 1, 2018.

Said Bonds will cease to bear interest on October 1, 2018.

By Order of the
Common Council
City of Waukesha
City Clerk

Dated _____

* To be provided by registered or certified mail, overnight express delivery, facsimile transmission, or electronic transmission to The Depository Trust Company, Attn: Supervisor, Call Notification Department, 570 Washington Blvd., Jersey City, NJ 07310, not less than thirty (30) days prior to October 1, 2018 and to the MSRB electronically through the Electronic Municipal Market Access (EMMA) System website at www.emma.msrb.org. Notice shall also be provided to Financial Security Assurance Inc., any successor, the bond insurer of the Bonds.

CONTINUING COVENANT AGREEMENT

dated as of April 2, 2018,

between

THE CITY OF WAUKESHA, WAUKESHA COUNTY, WISCONSIN

and

BMO HARRIS BANK N.A.

Relating to

\$32,800,000
WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTES,
(SERIES 2018)

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EXHIBITS

- EXHIBIT A — FORM OF COMPLIANCE CERTIFICATE
- EXHIBIT B — FORM OF REQUEST FOR ADVANCE

CONTINUING COVENANT AGREEMENT

THIS CONTINUING COVENANT AGREEMENT, dated as of April 2, 2018 (as amended, restated, supplemented or otherwise modified from time to time, this "*Agreement*"), between THE CITY OF WAUKESHA, WAUKESHA COUNTY, WISCONSIN, a municipality organized under the laws of Wisconsin, and BMO HARRIS BANK N.A., a national banking association.

RECITALS

WHEREAS, The City of Waukesha, Waukesha County, Wisconsin (the "*Issuer*") has issued its Waterworks System Revenue Bond Anticipation Notes, Series 2018 (the "*Notes*") pursuant to a Resolution dated March 6, 2018 (as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and hereof, the "*Resolution*"); and

WHEREAS, the Purchaser has agreed to purchase the Notes and make Advances (as defined herein) in installments in accordance with the terms hereof, and as a condition to such purchase and the making of such Advances, the Purchaser has required the Issuer to enter into this Agreement.

NOW, THEREFORE, to induce the Purchaser to purchase the Notes and make Advances, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Issuer and the Purchaser hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. In addition to the terms defined in the recitals and elsewhere in this Agreement and the Resolution, the following terms shall have the following meanings:

"*Advances*" means, collectively, the Initial Advance and each subsequent Advance made by the Purchase pursuant to Section 2.02(b) hereof.

"*Affiliate*" means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

"*Agreement*" has the meaning set forth in the introductory paragraph hereof.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Issuer from time to time concerning or relating to bribery or corruption.

"Applicable Spread" has the meaning set forth in the Resolution.

"Balloon Notes" means bonds or notes with no scheduled amortization of principal prior to the maturity date hereof.

"Bank Agreement" means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the Issuer secured by or payable from Net Revenues; *provided*, that "Bank Agreements" shall not include financing assistance agreements with the State of Wisconsin Department of Natural Resources Department of Administration with respect to the State of Wisconsin Safe Drinking Water Loan Program and the Clean Water Fund Loan Program.

"Base Rate" means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time, (ii) the Federal Funds Rate in effect at such time *plus* two percent (2%), (iii) the LIBOR Quoted Rate in effect at such time *plus* three percent (3%), and (iv) seven percent (7%).

"Bond Counsel" means Quarles & Brady LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Issuer.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in New York, New York or the states where the principal office of the Issuer is located are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal office of the Purchaser is closed.

"Change in Law" means the adoption of or change in any law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) or in the interpretation, promulgation, implementation or administration thereof by any Governmental or quasi-Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, including, notwithstanding the foregoing, all requests, rules, guidelines or directives (x) in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act or (y) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States financial regulatory authorities, in each case of clauses (x) and (y), regardless of the date enacted, adopted, issued, promulgated or implemented, or compliance by the Purchaser with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

"Code" means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

"Commitment" means the obligation of the Purchaser to extend Advances in an aggregate principal amount at any one time not to exceed the Commitment Amount.

"Commitment Amount" means \$32,800,000 Dollars and 00/100.

"Commitment Termination Date" means the earliest to occur of (a) the Maturity Date, (b) the date that Advances in the aggregate principal amount of the Commitment Amount have been advanced by the Purchaser, and (c) the occurrence of an Event of Default.

"Compliance Certificate" means a certificate substantially in form of Exhibit A hereto.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Issuer, are treated as a single employer under Section 414 of the Code.

"Credit Protection Provider" means, collectively, (i) any party, including a Noteholder, who issues a letter of credit or provides other credit protection with respect to the Notes and (ii) any party that participates in any such credit protection.

"Debt" of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons and (g) all obligations of such Person under any Swap Agreement.

"Debt Service Requirements" means, with respect to the period of time for which calculated, the aggregate of the payments required to be made during such period in respect of principal (whether at maturity, as a result of mandatory sinking fund redemption, mandatory prepayment or otherwise) and interest on outstanding Debt secured by Net Revenues of each Person or a group of Persons with respect to which calculated; *provided* that interest shall be excluded from the determination of the Debt Service Requirements to the extent that capitalized interest is available to pay such interest; and principal of Debt shall be excluded from the determination of Debt Service Requirements to the extent that amounts are on deposit in an irrevocable escrow and such amounts (including, where appropriate, the earnings or other increment to accrue thereon) are required to be applied to pay such principal and such amounts so required to be applied are sufficient to pay such principal.

"Default" means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

"Default Rate" means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus four percent (4%).

"Determination of Taxability" means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Issuer files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Noteholder or any former Noteholder notifies the Issuer that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Issuer of such notification from the Noteholder or any former Noteholder, the Issuer shall deliver to the Noteholder and any former Noteholder a ruling or determination letter issued to or on behalf of the Issuer by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Issuer shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Issuer, or upon any review or audit of the Issuer or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the Issuer shall receive notice from the Noteholder or any former Noteholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Noteholder or such former Noteholder the interest on the Notes due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Issuer has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Noteholder or former Noteholder, the Issuer shall promptly reimburse such Noteholder or former Noteholder for any payments, including any taxes, interest, penalties or other charges, such Noteholder (or former Noteholder) shall be obligated to make as a result of the Determination of Taxability.

"DTC" means The Depository Trust Company.

"Effective Date" means April 2, 2018, subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article III hereof.

"EMMA" means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions relating to (a) the protection of the environment, (b) personal injury or property damage relating to the release or discharge of Hazardous Materials, (c) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water or land, or (d) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

"Event of Default" with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

"Event of Taxability" means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Issuer, or the failure to take any action by the Issuer, or the making by the Issuer of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Notes) which has the effect of causing interest paid or payable on the Notes to become includable, in whole or in part, in the gross income of the Noteholder or any former Noteholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural Law, in either case, which has the effect of causing interest paid or payable on the Notes to become includable, in whole or in part, in the gross income of such Noteholder or such former Noteholder for federal income tax purposes with respect to the Notes.

"Excess Interest Amount" has the meaning set forth in Section 4.05(b) hereof.

"Excluded Taxes" means, with respect to a Noteholder, Taxes imposed on or measured by its overall net income (however denominated), and franchise Taxes and branch profit Taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision

thereof) under the Laws of which it is incorporated or is organized or in which its principal executive office is located.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) charged to the Purchaser on such day on such transactions as determined by the Purchaser. Notwithstanding anything herein to the contrary, if the Federal Funds Rate as determined as provided above would be less than zero percent (0.0%), then the Federal Funds Rate shall be deemed to be zero percent (0.0%).

"Fiscal Year" means the twelve month period from January 1 through the following December 31.

"Fitch" means Fitch Ratings, Inc., and any successor rating agency.

"FRB" means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

"Generally Accepted Accounting Principles" or *"GAAP"* means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Issuer.

"Governmental Approval" means an authorization, consent, approval, license, or exemption of, registration or filing with, or report to any Governmental Authority.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervisory Practices or any successor or similar authority to any of the foregoing).

"Guarantee" means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the *"primary obligor"*) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect,

(i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Hazardous Material" means any explosive or radioactive substances or wastes, any hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and any other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Indemnified Taxes" means Taxes imposed on or with respect to any payment made by or on account of any obligation of the Issuer under any Related Document, other than Excluded Taxes and Other Taxes.

"Indemnatee" has the meaning set forth in Section 8.01 hereof.

"Initial Advance" means the initial Advance made by the Purchaser on the Effective Date pursuant to Section 2.02(a) hereof.

"Interest Payment Date" shall mean with respect to the Notes, (i) the first Business Day of each April and October of each year, commencing October 1, 2018, and (ii) any date on which all of the Notes are redeemed.

"Investment Policy" means the investment policy of the Issuer delivered to the Purchaser, pursuant to Section 3.01(a)(iv) hereof.

"Issuer" means The City of Waukesha, Waukesha County, Wisconsin, a municipal corporation, and any permitted successor or assign thereof hereunder.

"Issuer Representative" means any person authorized from time to time in writing by the Issuer, or its successors and assigns, to perform a designated act or execute a designated document.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Liabilities" has the meaning set forth in Section 8.01 hereof.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Majority Noteholder" means the Noteholders with a majority of the aggregate principal amount of Notes from time to time. As of the Effective Date, BMO Harris Bank N.A. shall be the Majority Noteholder.

"Margin Stock" has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, Property, liabilities (actual and contingent), operations or condition (financial or otherwise), results of operations, or prospects of the Issuer, (b) the ability of the Issuer to perform its obligations under any Related Documents to which it is a party, or (c) the legality, validity, binding effect or enforceability of any of the Related Documents or the rights or remedies of the Purchaser under the Related Documents.

"Maturity Date" has the meaning set forth in the Resolution.

"Maximum Annual Debt Service Requirements" means the largest total Debt Service Requirements in the current or any succeeding fiscal year of the Issuer; *provided that* for purposes of determining Maximum Annual Debt Service Requirements: (i) the amount of the principal payment due on the Maturity Date of the Notes and any other Balloon Notes secured by the Net Revenues that mature simultaneously with or after the Maturity Date shall be deemed to amortize on a level debt service basis over a thirty (30) year period from the date of issuance thereof; (ii) the interest rate on the Notes and any other Balloon Notes that bear interest at a variable interest rate shall be assumed to be the average of the interest rate on the Notes or such Balloon Notes which was in effect on the last day of each of the last twelve calendar months immediately preceding the month during which the calculation is made.

"Maximum Federal Corporate Tax Rate" means, for any day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of

such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Purchaser, the maximum statutory rate of federal income taxation which could apply to the Purchaser as of such day).

"Maximum Interest Rate" means the lesser of (i) the maximum rate of interest on the relevant obligation permitted by applicable law and (ii) eighteen percent (18%) per annum.

"Moody's" means Moody's Investors Service, Inc. and any successor rating agency.

"Net Revenues" has the meaning set forth in the Resolution.

"Noteholder" means the Purchaser and each Purchaser Transferee or Non-Purchaser Transferee pursuant to Section 9.13 hereof so long as such Purchaser Transferee or Non-Purchaser Transferee is an owner of Notes.

"Notes" has the meaning set forth in the recitals hereof.

"Non-Purchaser Transferee" has the meaning set forth in Section 9.13(c) hereof.

"Obligations" means all amounts payable by the Issuer, and all other obligations to be performed by the Issuer, pursuant to this Agreement and the other Related Documents (including, without limitation, all obligations of the Issuer to pay principal of and interest on the Notes when due).

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control, and any successor thereto.

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Related Document.

"Parity Debt" means any Debt issued or incurred by or on behalf of the Issuer and secured on a parity with the Lien on Net Revenues securing the payment of the principal and purchase price of and interest on the Notes and the obligations under this Agreement.

"Patriot Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended from time to time, and any successor statute.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"Person" means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

"Plan" means, with respect to the Issuer at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained, or has within the preceding five plan years been maintained, by a member of the Controlled Group for employees of a member of the Controlled Group of which the Issuer is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the Issuer is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Prime Rate" means on any day, the rate of interest per annum then most recently established by the Purchaser as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Purchaser to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Purchaser may make various business or other loans at rates of interest having no relationship to such rate. If the Purchaser ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported. Notwithstanding anything herein to the contrary, if the Prime Rate determined as provided above would be less than zero percent (0.0%), then the Prime Rate shall be deemed to be zero percent (0.0%).

"Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed, and whether tangible or intangible, whether now owned or hereafter acquired.

"Purchase Price" has the meaning set forth in Section 2.01(a) hereof.

"Purchaser" means, initially, BMO Harris Bank N.A., a national banking association, and its successors and assigns, and upon the receipt from time to time by the Issuer of a notice described in Section 9.13(a) from time to time means the Person designated in such notice as the Purchaser, as more fully provided in Section 9.13(a) hereof.

"Purchaser Letter" has the meaning set forth in Section 9.13(c) hereof.

"Purchaser Transferee" has the meaning set forth in Section 9.13(b) hereof.

"Rating Agency" means any of S&P, Moody's and Fitch, as applicable.

"Rating Documentation" has the meaning set forth in Section 3.01(d)(iv) hereof.

"Related Documents" means this Agreement, the Resolution, the Notes and any other documents related to any of the foregoing or executed in connection therewith, and any and all

future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

"Request for Advance" means a certificate substantially in the form attached hereto as Exhibit A, properly completed and signed by an Issuer Representative, as such form may be amended, modified or updated from time to time by the Purchaser.

"Resolution" has the meaning set forth in the recitals hereof.

"Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States including transition rules, and any amendments to such regulations adopted prior to the Effective Date.

"S&P" means S&P Global Ratings and its successors and assigns.

"Safe Drinking Water Bonds" has the meaning set forth in the Resolution.

"Sanctioned Country" means, at any time, any country or territory which is itself the subject or target of any comprehensive Sanctions.

"Sanctioned Person" means, at any time, (a) any Person or group listed in any Sanctions related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person or group operating, organized or resident in a Sanctioned Country, (c) any agency, political subdivision or instrumentality of the government of a Sanctioned Country, or (d) any Person 50% or more owned, directly or indirectly, by any of the above.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"Senior Debt" means any Debt issued or incurred by or on behalf of the Issuer and secured by Net Revenues on a basis that is senior to the Lien securing Parity Debt.

"Series 2008 Bonds" has the meaning set forth in the Resolution.

"State" means the State of Wisconsin.

"Swap Agreement" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap

transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

"*System*" has the meaning set forth in the Resolution.

"*Taxable Date*" means the date on which interest on the Notes is first includable in gross income of the Noteholder (including, without limitation, any previous Noteholder) thereof as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

"*Taxable Period*" has the meaning set forth in Section 4.03(a) hereof.

"*Taxable Rate*" means, for each day, a rate of interest per annum equal to the product of (i) the interest rate on the Notes for such day and (ii) the applicable Tax Rate Factor.

"*Taxable Rate Factor*" means, for each day that the Taxable Rate is determined, the quotient of (i) one *divided by* (ii) one minus the Maximum Federal Corporate Tax Rate in effect as of such day, rounded upward to the second decimal place.

"*Taxes*" means and all present or future taxes, duties, levies, imposts, fees, assessments, charges or withholdings, and any and all liabilities with respect to the foregoing, including interest, additions to tax and penalties applicable thereto.

"*Unutilized Amount*" means, as of any date, an amount equal to the difference between (i) the Commitment Amount and (ii) the aggregate amount of the Advances made by the Purchaser.

Section 1.02. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

Section 1.03. Construction. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word "including" shall be deemed to mean "including but not limited to," and "or" has the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation

thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

Section 1.04. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.05 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement including, without limitation, a recharacterization of operating leases to the effect that certain operating leases are to be treated as capital leases, either the Issuer or the Purchaser may by notice to the other party hereto, require that the Purchaser and the Issuer negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Issuer shall be the same as if such change had not been made. No delay by the Issuer or the Purchaser in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.04, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

Section 1.05. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference. (a) Nothing in this Agreement shall be deemed to amend, or relieve the Issuer of its obligations under, any Related Document to which it is a party. Conversely, to the extent that the provisions of any Related Document allow the Issuer to take certain actions, or not to take certain actions, with regard for example to permitted liens, transfers of assets, maintenance of financial ratios and similar matters, the Issuer nevertheless shall be fully bound by the provisions of this Agreement.

(b) Except as provided in subsection (c) of this Section 1.05, all references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

(c) All provisions of this Agreement making reference to specific Sections of any Related Document shall be deemed to incorporate such Sections into this Agreement by reference as though specifically set forth herein (with such changes and modifications as may be herein provided) and shall continue in full force and effect with respect to this Agreement notwithstanding payment of all amounts due under or secured by the Related Documents, the termination or defeasance thereof or any amendment thereto or any waiver given in connection therewith, so long as this Agreement is in effect and until all Obligations are paid in full. No amendment, modification, consent, waiver or termination with respect to any of such Sections shall be effective as to this Agreement until specifically agreed to in writing by the parties hereto with specific reference to this Agreement.

ARTICLE II

PURCHASE OF NOTES AND ADVANCES

Section 2.01. Purchase of Notes. (a) *Purchase Price.* Upon the conditions set forth in Article III hereof and based on the representations, warranties and covenants of the Issuer set forth herein, the Purchaser hereby agrees to make a loan to the Issuer by purchasing from the Issuer, and the Issuer hereby agrees to sell to the Purchaser, all, but not less than all, of the Notes at the purchase price of \$32,800,000 representing the aggregate principal amount of the Notes (the "*Purchase Price*").

(b) *Closing.* On the Effective Date, the Issuer shall deliver to the Purchaser the documents described in Article III hereof. Upon delivery of such documents and the satisfaction or waiver by the Purchaser of the other conditions precedent set forth in Article III hereof, the Purchaser will make the Initial Advance in immediately available federal funds payable to the Issuer. One fully registered Note shall be issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser. The Notes shall be so issued and registered to and held by the Purchaser, or as otherwise directed by the Purchaser.

Section 2.02. Advances.

(a) *Initial Advance.* Upon satisfaction of the conditions precedent set forth in Section 3.01 hereof, the Purchaser shall make the Initial Advance in the principal amount of \$94,032 to the Issuer.

(b) *Additional Advances.* Prior to the Commitment Termination Date and upon the satisfaction of the conditions precedent set forth in Section 3.02 of this Agreement, the Purchaser shall make one or more Advances to the Issuer; *provided* that the aggregate principal amount of Advances shall not exceed the Commitment Amount. The Issuer acknowledges that the Purchaser shall not be obligated to make Advances except in accordance with the provisions of this Agreement. The Purchaser agrees, by its acceptance of the Notes, that Advances shall be made in the manner and upon the terms and conditions set forth in this Agreement. The Issuer shall not use any Advance for any payment which is not permitted by the Code, the Resolution or this Agreement.

(c) *Requests for Advance.* The Issuer shall give written notice to the Purchaser in the form of a Request for Advance no later 11:00 a.m. Central time on a Business Day which is not less than one (1) Business Day prior to the Business Day the related Advance is to be made (a "*Date of Advance*"); *provided* that the Borrower shall not deliver more than two Requests for Advances in any thirty (30) calendar day period. If the Purchaser receives a Request for Advance at or after 11:00 a.m. Central time on any Business Day, such Request for Advance shall be deemed to have been received on the following Business Day. Requests for Advances shall be delivered to the Purchaser via e-mail or facsimile at the e-mail addresses or the facsimile numbers set forth in Section 9.05 for receipt of Requests for Advances. The Purchaser may note the date and amount of each Advance on Schedule A attached to the Notes.

(d) *Minimum Amounts.* Each Advance, other than the Initial Advance and the final Advance, shall be in the principal amount requested by the Issuer pursuant to each Request for Advance but in any event in a minimum principal amount of \$500,000 or such greater amount which is an integral multiple of \$100,000.

ARTICLE III

CONDITIONS PRECEDENT TO PURCHASE OF NOTES AND INITIAL ADVANCE

Section 3.01. Documentary Requirements. The obligation of the Purchaser to make a loan to the Issuer by purchasing the Notes and making the Initial Advance is subject to the conditions precedent that the Purchaser shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Purchaser.

(a) The following Issuer documents:

(i) copies of the resolutions of the governing body of the Issuer approving the execution and delivery of the Related Documents to which the Issuer is a party, and the other matters contemplated hereby, certified by an Issuer Representative as being true and complete and in full force and effect on the Effective Date;

(ii) Reserved;

(iii) the audited annual financial statements of the Issuer for the Fiscal Year ended December 31, 2016, together with internally prepared financial statements of the Issuer for each fiscal quarter(s) ended since the end of such Fiscal Year;

(iv) a copy of the Issuer's Investment Policy in effect as of the Effective Date;
and

(v) a certificate dated the Effective Date and executed by a Issuer Representative certifying the names and signatures of the persons authorized to sign, on behalf of the Issuer, the Related Documents to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(b) The following financing documents:

(i) an executed original or certified copy, as applicable, of each of the Related Documents;

(ii) one fully registered Note in certificated form, executed by the Issuer, in the principal amount equal to the Purchase Price, issued to and registered in the name of the Purchaser, or as otherwise directed by the Purchaser; and

(iii) copies of all documentation relating to any Swap Agreement relating to the Notes.

(c) The following opinions, dated the Effective Date and addressed to the Purchaser or on which the Purchaser is otherwise expressly authorized to rely:

(i) from Note counsel to the Issuer, an opinion as to the due authorization, execution, delivery and enforceability of the Related Documents to which the Issuer is a party, and such other customary matters as the Purchaser may reasonably request;

(ii) from Note Counsel, opinions to the effect that the interest on each Advance evidenced by the Notes is excludable from gross income for federal income tax purposes and such other customary matters as the Purchaser may reasonable request.

(d) The following documents and other information:

(i) a certificate dated the Effective Date and executed by a Issuer Representative certifying (A) that there has been no event or circumstance since December 31, 2016, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) that the representations and warranties contained in Article V hereof and the other Related Documents are true and correct in all material respects on the Effective Date, (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default and (D) since the dated date of the Rating Documentation, the unenhanced long-term debt ratings assigned to any Parity Debt has not been withdrawn, suspended or reduced;

(ii) a certificate dated the Effective Date and executed by a Issuer Representative, certifying that the Issuer is in compliance with the financial covenants set forth in Section 6.09 of this Agreement;

(iii) true and correct copies of all Governmental Approvals, if any, necessary for the Issuer to execute, deliver and perform the Related Documents to which it is a party; and

(iv) recent evidence that the unenhanced long-term debt rating assigned by Moody's to any Parity Debt is at least "Aa2" (the "*Rating Documentation*").

Section 3.02. Conditions Precedent to Additional Advances. The obligation of the Purchaser to make an Advance (other than the Initial Advance) is subject to the satisfaction of the following conditions precedent on the Date of Advance:

(a) the representations and warranties of the Issuer set forth in Article V of this Agreement shall be true and correct in all material respects on such Date of Advance (except to the extent any such representation or warranty expressly relates to an earlier date);

(b) no Default or Event of Default shall have occurred and be continuing on such Date of Advance;

(c) the Purchaser shall have received a Request for Advance as required under, and in strict conformity with, Section 2.02(c) hereof; and

(d) neither the Issuer nor the Purchaser shall have received written notice from Bond Counsel that the opinion delivered pursuant to Section 4.01(c)(iii) hereof may no longer be relied upon.

Section 3.03. Litigation. The Purchaser shall have received a written description of all actions, suits or proceedings pending or threatened against the Issuer in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements, certificates, agreements, documents and information with respect thereto as the Purchaser may reasonably request.

Section 3.04. Other Matters. All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Purchaser and its counsel, and the Purchaser shall have received such other statements, certificates, agreements, documents and information with respect to the Issuer and the other parties to the Related Documents and matters contemplated by this Agreement as the Purchaser may reasonably request.

Section 3.05. Payment of Fees and Expenses. On or prior to the Effective Date, (i) the Purchaser shall have received reimbursement of the Purchaser's fees and expenses and any other fees incurred in connection with the transaction contemplated by the Related Documents and (ii) Chapman and Cutler LLP, as counsel to the Purchaser, shall have received payment of its legal fees and expenses incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents.

Section 3.06. No Bond Rating; DTC; Offering Document; CUSIP. The Notes shall not be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document, (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service or (v) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

ARTICLE IV

THE ISSUER'S OBLIGATIONS

Section 4.01. Payment Obligations. (a) The Issuer hereby agrees to make prompt and full payment of all payment obligations owed to the Purchaser under the Related Documents in accordance with and subject to the terms of the Notes and the Resolution and to pay any other Obligations owing to the Purchaser whether now existing or hereafter arising, irrespective of

their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.

(b) The Purchaser shall pay all principal of and unpaid accrued interest on the Notes on the Maturity Date. The Issuer shall also pay interest on the Notes on the first Business Day of April and October of each year, commencing on October 1, 2018, in accordance with the terms of the Note.

(c) The Issuer shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Purchaser in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any other Related Document or any consent or waiver by the Purchaser with respect to any Related Document, in each case, in a minimum amount of \$2,500 plus the reasonable fees and expenses of counsel to the Purchaser;

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Purchaser in connection with advising the Purchaser as to its rights and responsibilities under this Agreement and the other Related Documents or in connection with responding to requests from the Issuer for approvals, consents and waivers; and

(iv) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

(d) The Borrower shall pay or cause to be paid to the Purchaser on October 1, 2018, for the period commencing on the Effective Date to and including September 30, 2018, and semiannually in arrears on the first Business Day of each April and October occurring thereafter to the Commitment Termination Date, and on the Commitment Termination Date, a non-refundable commitment fee in an amount equal to the product of the daily average Unutilized Amount and one tenth of one percent (0.10%) per annum during each related quarterly period.

Section 4.02. Increased Payments.

(a) *Increased Costs.* If, on or after the Effective Date, there occurs any Change in Law which:

(i) subjects the Purchaser, any other Noteholder, the Credit Protection Provider or the parent or holding company, if any, of any of the foregoing to any Taxes (other than Excluded Taxes), or changes the basis of taxation of payments (other than

with respect to Excluded Taxes) to the Purchaser or any other Noteholder hereunder or with respect to the Notes, or

(ii) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Purchaser, any other Noteholder or the Credit Protection Provider, or

(iii) imposes any other condition the result of which is to increase the cost to the Purchaser, any other Noteholder, the Credit Protection Provider or the parent or holding company, if any, of any of the foregoing, with respect to this Agreement, the Notes or its making, maintenance or funding of the Notes or any security therefor, or reduces any amount receivable by the Purchaser, any other Noteholder or the Credit Protection Provider with respect to this Agreement, the Notes, or the making, maintenance or funding of any loan, or requires the Purchaser or any other Noteholder to make any payment calculated by reference to any amount received with respect to this Agreement, the Notes, or the making, maintenance or funding of any loan, by an amount deemed material by the Purchaser, other Noteholder or the Credit Protection Provider as the case may be,

and the result of any of the foregoing is to increase the cost to such Purchaser, other Noteholder, the Credit Protection Provider or the parent or holding company, if any, with respect to this Agreement, the Notes, or the making, maintenance or funding of the purchase of the Notes or of participating the same or to reduce the amount received by the Purchaser, other Noteholder or the Credit Protection Provider, as the case may be, in connection with the same, then, within fifteen (15) days of demand by the Purchaser, other Noteholder or the Credit Protection Provider, as the case may be, the Issuer shall pay the Purchaser, other Noteholder or the Credit Protection Provider such additional amount or amounts as will compensate the Purchaser, other Noteholder, the Credit Protection Provider or the parent or holding company, if any, of any of the foregoing, for such increased cost or reduction in amount received.

(b) If the Purchaser, other Noteholder or the Credit Protection Provider determines the amount of capital or liquidity required or expected to be maintained by the Purchaser, other Noteholder, the Credit Protection Provider or any parent, holding company or entity controlling the Purchaser, other Noteholder or the Credit Protection Provider is increased as a result of (i) a Change in Law or (ii) any change on or after the Effective Date in the Risk-Based Capital Guidelines, then, within fifteen (15) days of demand by the Purchaser, other Noteholder or the Credit Protection Provider, the Issuer shall, to the extent permitted by law, pay the Purchaser, other Noteholder or the Credit Protection Provider the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital or liquidity which the Purchaser, other Noteholder or the Credit Protection Provider determines is attributable to this Agreement or the Notes, as the case may be, hereunder (after taking into account the Purchaser, other Noteholder or the Credit Protection Provider's policies as to capital adequacy and liquidity).

(c) In connection with any costs imposed upon the Issuer by the Purchaser, other Noteholder, the Credit Protection Provider or any parent, holding company or entity controlling any of the foregoing, pursuant to this Section 4.02, the Purchaser, other Noteholder or the Credit Protection Provider shall (i) promptly notify the Issuer of such costs and (ii) provide the Issuer with a certificate as to such increased cost, increased capital, increased liquidity or reduction in return incurred by the Purchaser, other Noteholder or the Credit Protection Provider as a result of any event mentioned in paragraph (a) or (b) of this Section 4.02 setting forth, in reasonable detail, the basis for such calculation and the amount of such calculation submitted by the Purchaser, other Noteholder or the Credit Protection Provider to the Issuer which calculation shall be conclusive (absent manifest error) as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Purchaser, other Noteholder or the Credit Protection Provider may make such reasonable estimates, assumptions, allocations and the like that the Purchaser, other Noteholder or the Credit Protection Provider in good faith determines to be appropriate.

(d) Failure or delay on the part of any Noteholder to demand compensation pursuant to this Section 4.02 shall not constitute a waiver of such Noteholders right to demand such compensation.

(e) Without prejudice to the survival of any other agreement of the Issuer hereunder, the agreements and obligations of the Issuer contained in this Section shall survive the termination of this Agreement and the payment in full of the Notes and the obligations of the Issuer thereunder and hereunder.

Section 4.03. Determination of Taxability. (a) In the event a Determination of Taxability occurs, to the extent not payable the Purchaser or any other Noteholder under the terms of the Resolution and the Notes, the Issuer hereby agrees to pay to the Purchaser or any other Noteholder on demand therefor (i) an amount equal to the difference between (A) the amount of interest that would have been paid to the Purchaser or any other Noteholder on the Notes during the period for which interest on the Notes is included in the gross income of the Purchaser or any other Noteholder if the Notes had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest on the Notes actually paid to the Purchaser or any other Noteholder during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by the Purchaser or any other Noteholder as a result of interest on the Notes becoming included in the gross income of the Purchaser or any other Noteholder, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by the Purchaser or any other Noteholder in connection therewith;

(b) Subject to the provisions of paragraph (c) below, the Purchaser or any other Noteholder shall afford the Issuer the opportunity, at the Issuer's sole cost and expense, to contest (i) the validity of any amendment to the Code which causes the interest on the Notes to be included in the gross income of the Purchaser or any other Noteholder or (ii) any challenge to the validity of the tax exemption with respect to the interest on the Notes, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided that*, in no event shall a Noteholder be required to make available its tax returns (or any

other information relating to its taxes that it deems confidential) to the Issuer or any other Person; and

(c) As a condition precedent to the exercise by the Issuer of its right to contest set forth in paragraph (b) above, the Issuer shall, on demand, immediately reimburse the Purchaser or any other Noteholder for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Purchaser or any other Noteholder in its sole discretion) that may be incurred by the Purchaser or any other Noteholder in connection with any such contest, and shall, on demand, immediately reimburse the Purchaser or any other Noteholder for any payments, including any taxes, interest, penalties or other charges payable by the Purchaser or any other Noteholder for failure to include such interest on the Notes in its gross income.

(d) *Survival.* Without prejudice to the survival of any other agreement of the Issuer hereunder, the agreements and obligations of the Issuer contained in this Section shall survive the termination of this Agreement and the payment in full of the Notes and the obligations of the Issuer thereunder and hereunder.

Section 4.04. Default Rate. Upon the occurrence and during the continuance of an Event of Default, the Obligations shall bear interest at the Default Rate, which shall be payable by the Issuer to each Noteholder (or, if applicable, the Purchaser) upon demand therefore and be calculated on the basis of a 360-day year and actual days elapsed.

Section 4.05. Maximum Interest Rate. (a) If the amount of interest payable for any period in accordance with the terms hereof or the Notes exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(b) Any interest that would have been due and payable for any period but for the operation of the immediately preceding paragraph (a) shall accrue and be payable as provided in this paragraph (b) and shall, less interest actually paid to each Noteholder for such period, constitute the "Excess Interest Amount." If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to each Noteholder of the entire Excess Interest Amount.

Section 4.06. Reserved.

Section 4.07. Obligations Absolute. The payment obligations of the Issuer under this Agreement and the other Related Documents shall be, without setoff or counterclaim, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

(a) any lack of validity or enforceability of this Agreement, the Notes or any of the other Related Documents;

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Issuer may have at any time against the Purchaser, any other Noteholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

(d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Notwithstanding this Section, the Purchaser acknowledges the Issuer may have the right to bring a collateral action with respect to one or more of the foregoing circumstances. The Issuer's payment obligations shall remain in full force and effect pending the final disposition of any such action. All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

Section 4.08. Optional Redemption Fee. The Issuer shall pay to the Purchaser an optional redemption or conversion fee in connection with each optional redemption or prepayment of all or any portion of the Notes prior to April 1, 2019, in an amount equal to the product of (A) the Applicable Spread in effect on the date of optional redemption or prepayment, as applicable, (B) the principal amount of the Notes to be optionally redeemed or prepaid, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such optional redemption or prepayment, as applicable, to and including April 1, 2019, and the denominator of which is 360, payable on the date that all or any portion of the Notes are optionally redeemed or prepaid. The Notes may be redeemed at the option of the Issuer on April 1, 2019 or any date thereafter, in whole or from time to time thereafter in part, at a redemption price equal to the principal amount of the Notes to be redeemed plus accrued interest thereon, and without any prepayment fee or premium.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Issuer makes the following representations and warranties to each Noteholder:

Section 5.01. Existence and Power. The Issuer is a municipal corporation duly organized and validly existing under the laws of the State and has the power and authority to own its properties and to carry on its businesses as now being conducted and as currently contemplated to be conducted hereafter and is duly qualified to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transactions of any material portion of its business (as now conducted and as currently contemplated to be conducted) makes such qualification necessary.

Section 5.02. Due Authorization. (a) The Issuer has the corporate power, and has taken all necessary corporate action to authorize the Related Documents to which it is a party, and to

execute, deliver and perform its obligations under this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms. The Issuer has approved the form of the Related Documents to which it is not a party.

(b) The Issuer is duly authorized and licensed to own its Property and to operate its business under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such Property or business activity and the departments, agencies and political subdivisions thereof, and the Issuer has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the Issuer to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Issuer of this Agreement or the due execution, delivery or performance by the Issuer of the Related Documents.

Section 5.03. Valid and Binding Obligations. This Agreement has been duly executed and delivered by one or more duly authorized officers of the Issuer, and each of the Related Documents to which the Issuer is a party, when executed and delivered by the Issuer will be, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.04. Noncontravention; Compliance with Law . (a) The execution, delivery and performance of this Agreement and each of the other Related Documents in accordance with their respective terms do not and will not (i) contravene the Issuer's authorizing legislation, (ii) require any consent or approval of any creditor of the Issuer, (iii) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (iv) conflict with, result in a breach of or constitute a default under any contract to which the Issuer is a party or by which it or any of its Property may be bound or (v) result in or require the creation or imposition of any Lien upon or with respect to any Property now owned or hereafter acquired by the Issuer or any Affiliate thereof except such Liens, if any, expressly created by any Related Document.

(b) The Issuer is in compliance with all Laws, except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

Section 5.05. Pending Litigation and Other Proceedings. There is no action, suit or proceeding pending in any court, any other governmental authority with jurisdiction over the Issuer or any arbitration in which service of process has been completed against the Issuer or, to the knowledge of the Issuer, any other action, suit or proceeding pending or threatened in any court, any other governmental authority with jurisdiction over the Issuer or any arbitrator, in

either case against the Issuer or any of its properties or revenues, or any of the Related Documents to which it is a party, which if determined adversely to the Issuer would adversely affect the rights, security, interests or remedies of the Purchaser hereunder or under any of the other Related Documents or which is reasonably likely to result in a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Effective Date as to which the Purchaser has received an opinion of counsel satisfactory to the Purchaser, in form and substance satisfactory to the Purchaser and the Purchaser's legal counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 5.06. Financial Statements. The audited financial statements of the Issuer as at December 31, 2016, and the related consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the Fiscal Year then ended, and accompanying notes thereto, which financial statements, accompanied by the audit report of Baker Tilly, independent public accountants, heretofore furnished to the Purchaser, which are consistent in all material respects with the audited financial statements of the Issuer for the Fiscal Year ended December 31, 2016, fairly present the financial condition of the Issuer in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP. Since December 31, 2016, there has been no material adverse change in the financial condition or operations of the Issuer that could reasonably be expected to result in a Material Adverse Effect.

Section 5.07. Employee Benefit Plan Compliance. The Issuer has no funding liability or obligation currently due and payable with respect to any employee benefit plan which could reasonably be expected to result in a Material Adverse Effect. The Issuer and each employee benefit plan is in compliance in all material respects with the terms of any such plan and applicable law related thereto. Neither the Issuer nor a member of the Controlled Group is subject to ERISA or maintains a Plan.

Section 5.08. No Defaults. No default by the Issuer has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any Parity Debt including, without limitation, regularly scheduled payments on Swap Agreement which constitute Parity Debt. No bankruptcy, insolvency or other similar proceedings pertaining to the Issuer or any agency or instrumentality of the Issuer are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No "default" or "event of default" under, and as defined in, any of the other Related Documents has occurred and is continuing. The Issuer is not presently in default under any material agreement to which it is a party which could reasonably be expected to have a Material Adverse Effect. The Issuer is not in violation of any material term of the organizational documents or authorizing legislation applicable to the Issuer or any material term of any bond indenture or agreement to which it is a party or by which any of its Property is bound which could reasonably be expected to result in a Material Adverse Effect.

Section 5.09. Insurance. The Issuer currently maintains a system of self-insurance or insurance coverage with insurance companies believed by the Issuer to be capable of performing their obligations under the respective insurance policies issued by such insurance companies to

the Issuer (as determined in its reasonable discretion) and in full compliance with Section 9(k) of the Resolution and Section 6.04 hereof.

Section 5.10. Title to Assets. The Issuer has good and marketable title to its assets except where the failure to have good and marketable title to any of its assets would not have a Material Adverse Effect.

Section 5.11. Incorporation by Reference. The representations and warranties of the Issuer contained in the other Related Documents to which the Issuer is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the Issuer in such Sections are hereby made for the benefit of the Purchaser. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Purchaser.

Section 5.12. Correct Information. All information, reports and other papers and data with respect to the Issuer furnished by the Issuer to the Purchaser were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections furnished by the Issuer to the Purchaser were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Purchaser in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of the Issuer, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. No fact is known to the Issuer that materially and adversely affects or in the future may (as far as it can reasonably foresee) materially and adversely affect the security for any of the Notes, or the ability of the Issuer to repay when due the Obligations, that has not been set forth in the financial statements and other documents referred to in this Section 5.12 or in such information, reports, papers and data or otherwise disclosed in writing to the Purchaser. The documents furnished and statements made by the Issuer in connection with the negotiation, preparation or execution of this Agreement and the Related Documents do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Section 5.13. Investment Company. The Issuer is not an "investment company" or a company "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Section 5.14. Margin Stock. The Issuer is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the

issuance of the Notes will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 5.15. Tax-Exempt Status. The Issuer has not taken any action or omitted to take any action, and has no actual knowledge of any action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Notes from gross income for federal income tax purposes.

Section 5.16. Usury. None of the Related Documents or the Notes provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

Section 5.17. Security. The Resolution creates, for the benefit of the owners of the Notes and the other Obligations, the legally valid and binding pledge of the Net Revenues. There is no lien on the Net Revenues other than the lien created by the Resolution and the lien and pledge of the Net Revenues with respect to the Series 2008 Bonds and Safe Drinking Water Bonds described in the Resolution. The Resolution does not permit the issuance or incurrence of any Debt secured by the Net Revenues to rank senior to the Notes and the other Obligations except that additional Debt senior to the Notes and Obligations and on a parity with the Safe Drinking Water Bonds that may be issued to the State of Wisconsin. The payment of the Notes and the other Obligations ranks on a parity with the payment of the principal and purchase price of and interest on all Parity Debt and is not subordinate to any payment secured by a lien on the Revenues other than payments with respect to the Series 2008 Bonds, the Safe Drinking Water Bonds and the additional bonds to be issued on a parity with the Safe Drinking Water Bonds, or any other claim, and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Resolution or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created thereby on the Net Revenues to secure the Notes and the other Obligations.

Section 5.18. Pending Legislation and Decisions. There is no amendment, or to the knowledge of the Issuer, proposed amendment to the Constitution of the State or any State law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect the issuance of any of the Notes, the security for any of the Notes, or any Obligation, the creation, organization, or existence of the Issuer or the titles to office of any officers executing this Agreement or any Related Documents to which the Issuer is a party or the Issuer's ability to repay when due its obligations under this Agreement, any of the Notes or any other Obligation.

Section 5.19. Taxes. After due inquiry, the Issuer is not aware of any Indemnified Taxes or Other Taxes with respect to this transaction or any Related Document.

Section 5.20. Environmental Matters. The operations of the Issuer are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any

toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action could reasonably be expected to result in a Material Adverse Effect.

Section 5.21. No Immunity. The Issuer is not entitled to claim immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) with respect to itself or its Net Revenues (irrespective of their use or intended use) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any other Related Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or for recovery of property or (iii) execution or enforcement of any judgment to which it or its Net Revenues might otherwise be made subject in any action, suit or proceedings relating to this Agreement or any other Related Document, and no such immunity (whether or not claimed) may be attributed to the Issuer or its Net Revenues.

Section 5.22. No Public Vote or Referendum. There is no public vote or referendum pending, proposed or concluded, the results of which could reasonably be expected to result in a Material Adverse Effect.

Section 5.23. Swap Agreements. The Issuer has not entered into any Swap Agreement relating to Debt (i) wherein any termination payment thereunder is senior to or on a parity with the payment of the Notes or the other Obligations or (ii) which requires the Issuer to post cash collateral to secure its obligations thereunder.

Section 5.24. Anti-Corruption Laws; Sanctions. (a) The Issuer, its Subsidiaries and their respective officers and employees and, to the knowledge of the Issuer, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of the Issuer, any Subsidiary or, to the knowledge of the Issuer or such Subsidiary, any of their respective directors, officers or employees is a Sanctioned Person. Neither the Notes, the use of the proceeds of the Notes or the other transactions contemplated hereby will violate Anti-Corruption Laws or applicable Sanctions.

(b) Neither the purchase of the Notes nor the use of the proceeds thereof will violate the Patriot Act, the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or successor statute thereto. The Issuer and its Subsidiaries are in compliance in all material respects with the Patriot Act.

ARTICLE VI

COVENANTS OF THE ISSUER

The Issuer covenants and agrees, until the full and final payment and satisfaction of all of the Obligations, except in any instance in which the Purchaser specially agrees in writing to any performance or noncompliance, that:

Section 6.01. Existence, Etc. The Issuer (a) shall maintain its existence pursuant to its authorizing legislation and the laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of its property, assets or business, or combine, merge or consolidate with or into any other entity or change the use of facilities or assets that generate Net Revenues.

Section 6.02. Maintenance of Properties. The Issuer shall, in all material respects, maintain, preserve and keep its Property in good repair, working order and condition (ordinary wear and tear excepted), except to the extent that the failure to do so could reasonably be expected to result in a Material Adverse Effect.

Section 6.03. Compliance with Laws; Taxes and Assessments. The Issuer shall comply with all Laws applicable to it and its Property (including all applicable Environmental Laws, Anti-Corruption Laws and applicable Sanctions), except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include, without limitation, paying all taxes, assessments and governmental charges imposed upon it or its Property before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings and reserves are provided therefor that in the opinion of the Issuer are adequate.

Section 6.04. Insurance. The Issuer shall maintain insurance with reputable insurance companies or associations believed by the Issuer at the time of purchase of such insurance to be financially sound and in such amounts and covering such risks as are usually carried by organizations engaged in the same or a similar business and similarly situated, which insurance may provide for reasonable deductibles from coverage. The Issuer shall upon request of the Purchaser furnish a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section 6.04.

Section 6.05. Reports. The Issuer shall furnish to the Purchaser in form and detail satisfactory to the Purchaser:

(a) *Annual Report.* As soon as available, and in any event within 270 days after the end of the Fiscal Year, the annual audited financial statements of the Issuer together with (1) the opinion of the Issuer's independent accountants and (2) a Compliance Certificate signed by the clerk/treasurer of the Issuer (x) stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to

correct such Event of Default or Default and (y) demonstrating compliance with the financial covenants set forth in Section 6.09 hereof.

(b) *Reserved.*

(c) *Budget.* As soon as available, and in any event within thirty (30) days of the beginning of each Fiscal Year, the operating budget of the Issuer for such Fiscal Year.

(d) *Offering Memorandum and Material Event Notices.* (A) Within ten (10) days after the issuance of any securities by the Issuer with respect to which a final official statement or other offering or disclosure document has been prepared by the Issuer, (1) a copy of such official statement or offering circular or (2) notice that such information has been filed with EMMA and is publicly available; and (B) during any period of time the Issuer is subject to continuing disclosure requirements under Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement, immediately following any dissemination, distribution or provision thereof to any Person, (1) a copy of any reportable event notice (as described in b(5)(i)(C) of Rule 15c2-12) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements or (2) notice that such event notice has been filed with EMMA and is publicly available.

(e) *Notice of Default or Event of Default.* (i) Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) days thereafter, a certificate signed by a Issuer Representative specifying in reasonable detail the nature and period of existence thereof and what action the Issuer has taken or proposes to take with respect thereto; (ii) promptly following a written request of the Purchaser, a certificate of a Issuer Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement; and (iii) promptly upon obtaining knowledge of any "default" or "event of default" as defined under any Bank Agreement, notice specifying in reasonable detail the nature and period of existence thereof and what action the Issuer has taken or proposes to take with respect thereto.

(f) *Litigation.* As promptly as practicable, written notice to the Purchaser of all actions, suits or proceedings pending or threatened against the Issuer in any court or before any arbitrator of any kind or before any governmental authority which could reasonably be expected to result in a Material Adverse Effect.

(g) *Patriot Act.* The Issuer shall, and shall cause each Subsidiary to, provide such information and take such actions as are reasonably requested by the Purchaser in order to assist the Purchaser in maintaining compliance with the Patriot Act.

(h) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the Issuer as the Purchaser may from time to time reasonably request.

Section 6.06. Maintenance of Books and Records. The Issuer will keep proper books of record and account in which full, true and correct entries in accordance with GAAP. All financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements, except as otherwise specifically prescribed herein. Except as provided in the immediately preceding sentence, in preparing any financial data or statements contemplated or referred to in this Agreement, the Issuer shall not vary or modify the accounting methods or principles from the accounting standards employed in the preparation of its audited financial statements described in Section 5.06 hereof.

Section 6.07. Access to Books and Records. To the extent permitted by law, the Issuer will permit any Person designated by the Purchaser (at the expense of the Purchaser, unless and until a Default or Event of Default has occurred, at which time such expenses shall be borne by the Issuer) to visit any of the offices of the Issuer to examine the books and financial records (except books and financial records the examination of which by the Purchaser is prohibited by law or by attorney or client privilege), including minutes of meetings of any relevant governmental committees or agencies, and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Issuer with their principal officers, employees and independent public accountants, all upon reasonable notice to the Issuer and at such reasonable times and as often as the Purchaser may reasonably request.

Section 6.08. Compliance With Documents. The Issuer agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Resolution and each of the other Related Documents to which it is a party, which provisions, as well as related defined terms contained therein and any grace periods applicable thereto, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Purchaser and shall be enforceable against the Issuer. To the extent that any such incorporated provision permits the Issuer or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Issuer or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Purchaser in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Purchaser which shall only be evidenced by the written approval by the Purchaser of the same. Except as permitted by Section 6.14 hereof, no termination or amendment to such covenants and agreements or defined terms or release of the Issuer with respect thereto made pursuant to the Resolution or any of the other Related Documents to which the Issuer is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Issuer with respect thereto in each case as incorporated by reference herein without the prior written consent of the Purchaser. Notwithstanding any termination or expiration of the Resolution or any such other Related Document to which the Issuer is a party, the Issuer shall continue to observe the covenants therein contained for the benefit of the Purchaser until the termination of this Agreement and the payment in full of the Notes and all other Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express

covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 6.09. Rate Covenant. The Issuer covenants and agrees that it shall take any and all action necessary to cause Net Revenues in each Fiscal Year to equal 110% of the principal and interest payments due on all Debt secured by Net Revenues during each Fiscal Year (other than with respect to principal due at maturity with respect to the Notes and any other Balloon Notes that mature simultaneously with or after the Maturity Date), and to comply with the provisions of Section 9(g) of the Resolution.

Section 6.10. No Impairment. The Issuer will not take any action under the Resolution or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Purchaser under this Agreement or any other Related Document or which could reasonably be expected to result in a Material Adverse Effect.

Section 6.11. Application of Note Proceeds. The Issuer will not take or omit to take any action, which action or omission will in any way result in the proceeds from the issuance of the Notes being applied in a manner other than as provided in the Resolution.

Section 6.12. Priority. The Notes will be junior and subordinate to the Issuer's Series 2008 Bonds and Safe Drinking Water Bonds. Subject to Section 6.13 hereof, the Issuer reserves the right to issue additional bonds on a parity with the Series 2008 Bonds and Safe Drinking Water Bonds or as subordinate debt with a pledge of Net Revenues on a parity with the Notes.

Section 6.13. Limitation on Additional Debt. The Issuer will not issue or permit to be issued and/or incur any additional Debt secured by Net Revenues, unless the Issuer provides the Purchaser with certificates evidencing that after the incurrence of such Debt, the forecasted Net Revenues for each of the fiscal years of the Issuer through the Maturity Date are projected to be at least equal to 110% of Maximum Annual Debt Service of the Issuer, taking into account the proposed Debt to be issued. Forecasted Net Revenues will be calculated by the Issuer and may take into account approved rate increases for the System.

Section 6.14. Related Documents. The Issuer shall not modify, amend or consent to any modification, amendment or waiver in any material respect of any Related Document without the prior written consent of the Purchaser.

Section 6.15. Liens. The Issuer shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any part of the security provided by the Resolution that is senior to or on a parity with the Lien securing the Notes and the Obligations, other than (i) Liens created under and in accordance with the terms of the Resolution; (ii) the Liens created for the benefit of the Notes and the Obligations and other Parity Debt that has heretofore or may hereafter be issued; (iii) Liens which could not reasonably be expected to materially adversely affect the interests, rights, remedies or security of the Purchaser under this Agreement and the other Related Documents; and (iv) Liens and pledges created in connection with the issuance of additional

Debt permitted pursuant to Section 6.13 above and the Resolution. The Issuer shall not attempt to revoke the pledge of security provided in the Resolution.

Section 6.16. Redemptions. The Issuer shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed optional redemption or purchase in lieu of redemption of Notes pursuant to Section 4 of the Resolution.

Section 6.17. Disclosure to Participants, Purchaser Transferees and Non-Purchaser Transferees. The Issuer shall permit the Purchaser to disclose the financial information received by it pursuant to this Agreement to each participant of the Purchaser, Purchaser Transferee and Non-Purchaser Transferee pursuant to Section 9.13 of this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

Section 6.18. Other Agreements. In the event that the Issuer shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement which such Bank Agreement provides such Person with different or more restrictive covenants, different or additional events of default and/or greater rights and remedies than are provided to the Purchaser in this Agreement (including the right to accelerate the payment of any Parity Debt), the Issuer shall provide the Purchaser with a copy of each such Bank Agreement and such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies shall automatically be deemed to be incorporated into this Agreement and the Purchaser shall have the benefits of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies as if specifically set forth herein. The Issuer shall promptly enter into an amendment to this Agreement to include different or more restrictive covenants, different or additional events of default and/or greater rights and remedies; *provided* that the Purchaser shall have and maintain the benefit of such different or more restrictive covenants, different or additional events of default and/or greater rights and remedies even if the Issuer fails to provide such amendment.

Section 6.19. Immunity from Jurisdiction. To the fullest extent permitted by applicable law, with respect to its obligations arising under this Agreement or any other Related Document, the Issuer irrevocably agrees that it will not assert or claim any immunity on the grounds of sovereignty or other similar grounds (including, without limitation, governmental immunity) from (i) any action, suit or other proceeding arising under or relating to this Agreement or any other Related Document, (ii) relief by way of injunction, order for specific performance or writ of mandamus or (iii) execution or enforcement of any judgment to which it or its revenues might otherwise be entitled in any such action, suit or other proceeding, and the Issuer hereby irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues (irrespective of their use or intended use), all such immunity.

Section 6.20. Swap Agreements. Without the prior written consent of the Purchaser, the Issuer will not enter into any Swap Agreement relating to Debt (i) wherein any termination payments thereunder are senior to or on parity with the payment of the Notes (including Unremarketed Notes) or the other Obligations or (ii) which requires the Issuer to post cash collateral to secure its obligations thereunder.

Section 6.21. Direction to Take Action. To the extent Net Revenues are insufficient to pay the Obligations when due, the Issuer shall cause the appropriate official of the Issuer to seek any necessary approval of the Public Service Commission, to include an appropriation in the budget and to levy a tax, all as described in Section 8 of the Resolution, in each case to satisfy the Issuer's Obligations to the extent of the shortfall of Net Revenues.

Section 6.22. Use of Purchaser's Name. The Issuer shall not include any information concerning the Purchaser in any offering document for the Notes that is not supplied in writing, or otherwise approved, by the Purchaser expressly for inclusion therein.

Section 6.23. Maintenance of Tax-Exempt Status of Notes. The Issuer shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the tax-exempt status of the Notes.

Section 6.24. Investment Policy. All investments of the Issuer have been and will be made in accordance with the terms of the Investment Policy.

Section 6.25. Environmental Laws. The Issuer shall comply with all applicable Environmental Laws and cure any defect (or cause other Persons to cure any such defect) to the extent necessary to bring such real property owned, leased, occupied or operated by the Issuer back into compliance with Environmental Laws and to comply with any cleanup orders issued by a Governmental Authority having jurisdiction thereover. The Issuer shall at all times use commercially reasonable efforts to render or maintain any real property owned, leased, occupied or operated by the Issuer safe and fit for its intended uses. The Issuer shall also immediately notify the Purchaser of any actual or alleged material failure to so comply with or perform, or any material breach, violation or default under any Environmental Law.

Section 6.26. Use of Proceeds. The Issuer shall not use any portion of the proceeds of the Purchase Price of the Notes for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by the Issuer out of such proceeds. The Issuer shall not use or allow to be used, and its directors, officers, employees and agents shall not use or allow to be used, the proceeds of any of the Notes (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or (ii) in any manner that would result in the violation of any applicable Sanctions.

Section 6.27. Underlying Rating. The Issuer shall at all times maintain a rating on its long-term unenhanced Parity Debt from at least one Rating Agency. The Issuer covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Parity Debt from any of Moody's if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement or reduce the Applicable Spread.

Section 6.28. Obligation to Issue Bonds. The Issuer will issue bonds secured by the Net Revenues at such times and in such amounts so as to repay the principal of and interest on the Notes, and in any event prior to the Maturity Date.

Section 6.29. Bonding Capacity. The Issuer shall maintain the ability to issue notes or bonds secured by the Net Revenues in an amount sufficient to repay the Notes on the Maturity Date.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.01. Events of Default. The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "Event of Default" hereunder, unless waived in writing by Purchaser:

(a) the Issuer shall fail to pay the principal or purchase price of or interest on any Note when due (whether by scheduled maturity, required prepayment, redemption or otherwise);

(b) the Issuer shall fail to pay any Obligation (other than the obligation to pay the principal or purchase price of or interest on the Notes) when due and such failure shall continue for three (3) Business Days;

(c) any representation or warranty made by or on behalf of the Issuer in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the Issuer shall default in the due performance or observance of any of the covenants set forth in Section 6.01, 6.03, 6.04, 6.05(e), 6.07, 6.08, 6.09, 6.10, 6.13, 6.14, 6.15, 6.18, 6.19, 6.23, 6.27, or 6.28 hereof;

(e) the Issuer shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(f) the Issuer shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action

in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(g) of this Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Issuer or any substantial part of its Property, or a proceeding described in Section 7.01(f)(v) shall be instituted against the Issuer and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Issuer by the Issuer or any Governmental Authority with appropriate jurisdiction;

(i) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Notes or (B) the validity or enforceability of the pledge of the Net Revenues or any other pledge or security interest created by the Resolution shall at any time for any reason cease to be valid and binding on the Issuer as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable; or

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Notes, or (B) the validity or enforceability of the pledge of the Net Revenues or any other pledge or security interest created by the Resolution shall be publicly contested by the Issuer; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Issuer as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Issuer;

(j) dissolution or termination of the existence of the Issuer;

(k) the Issuer shall (i) default on the payment of the principal of or interest on any Parity Debt including, without limitation, any regularly scheduled payments on Swap Agreements which constitute Parity Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Parity Debt or contained in any instrument or agreement evidencing, securing or

relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to cause (determined without regard to whether any notice is required) any such Parity Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Parity Debt;

(l) the Issuer shall (i) default on the payment of the principal of or interest on any Debt (other than Parity Debt) including, without limitation, any regularly scheduled payments on Swap Agreements, aggregating in excess of \$500,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Parity Debt) was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Debt (other than Parity Debt) aggregating in excess of \$500,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt;

(m) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Purchaser, in an aggregate amount in excess of \$500,000 shall be entered or filed against the Issuer or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(n) any "event of default" under any Related Document (as defined respectively therein) shall have occurred; or

(o) Moody's shall have downgraded its rating of any long-term unenhanced Debt of the Issuer secured by revenues of the System to below "Baa1 (or its equivalent), or suspended or withdrawn its rating of the same.

Section 7.02. Consequences of an Event of Default. If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Purchaser may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(i) by written notice to the Issuer, declare the outstanding amount of the Obligations under this Agreement (and not the principal of and interest on the Notes) to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived, and an action therefor shall immediately accrue;

(ii) deliver a written notice to the Issuer that an Event of Default has occurred and is continuing and take such remedial action as is provided for in the Resolution;

(iii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Issuer under the Related Documents, whether for specific performance of any agreement or covenant of the Issuer or in aid of the execution of any power granted to the Purchaser in the Related Documents;

(iv) cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Purchaser shall have no obligation to effect such a cure; and

(v) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents (other than as provided for in clause (ii) of this Section 7.02(a)) and as otherwise available at law and at equity.

Section 7.03. Remedies Cumulative; Solely for the Benefit of Purchaser. To the extent permitted by, and subject to the mandatory requirements of, applicable Law, each and every right, power and remedy herein specifically given to the Purchaser in the Related Documents shall be cumulative, concurrent and nonexclusive and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy (whether specifically herein given or otherwise existing) may be exercised from time to time and as often and in such order as may be deemed expedient by the Purchaser, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy.

The rights and remedies of the Purchaser specified herein are for the sole and exclusive benefit, use and protection of the Purchaser, and the Purchaser is entitled, but shall have no duty or obligation to the Issuer or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Purchaser hereunder or under any of the other Related Documents.

Section 7.04. Waivers or Omissions. No delay or omission by the Purchaser in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right remedy or power or be construed to be a waiver of any default on the part of the Purchaser or to be acquiescence therein. No express or implied waiver by the Purchaser of any Event of Default shall in any way be a waiver of any future or subsequent Event of Default.

Section 7.05. Discontinuance of Proceedings. In case the Purchaser shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Purchaser shall have

the unqualified right so to do and, in such event, the Issuer and the Purchaser shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Purchaser hereunder shall continue as if the same had never been invoked.

ARTICLE VIII

INDEMNIFICATION

Section 8.01. Indemnification. In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Issuer hereby agrees (to the extent permitted by law) to indemnify and hold harmless each Noteholder or Credit Protection Provider and its officers, directors and agents (each, an "Indemnatee") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnatee by any Person or entity whatsoever (collectively, the "Liabilities") by reason of or in connection with (a) the execution and delivery or transfer of, or payment or failure to pay under, any Related Document; (b) the issuance and sale of the Notes; (c) the use of the proceeds of the Notes; or (d) any actual or alleged presence or release of Hazardous Materials on or from any Property owned or operated by the Issuer, any environmental liability related in any way to the Issuer; *provided* that the Issuer shall not be required to indemnify an Indemnatee for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of such Indemnatee. Nothing under this Section 8.01 is intended to limit the Issuer's payment of the Obligations.

Section 8.02. Survival. The obligations of the Issuer under this Article VIII shall survive the payment of the Notes and the termination of this Agreement.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Patriot Act Notice. The Purchaser hereby notifies the Issuer that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Purchaser to identify the Issuer in accordance with the Patriot Act. The Issuer hereby agrees that it shall promptly provide such information upon request by the Purchaser.

Section 9.02. Further Assurances. From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its

rights hereunder or thereunder. At any time, and from time to time, upon request by the Purchaser, the Issuer will, at the Issuer's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates, and other documents as may, in the opinion of the Purchaser, be necessary or desirable in order to complete, perfect or continue and preserve the Lien of the Resolution. Upon any failure by the Issuer to do so, the Purchaser may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Issuer, all at the sole expense of the Issuer, and the Issuer hereby appoints the Purchaser the agent and attorney-in-fact of the Issuer to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, the Issuer irrevocably authorizes the Purchaser at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by the Purchaser to establish or maintain the validity, perfection and priority of the security interests granted in the Resolution, and the Issuer ratifies any such filings made by the Purchaser prior to the date hereof. In addition, at any time, and from time to time, upon request by the Purchaser, the Issuer will, at the Issuer's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Purchaser, be necessary or desirable in order to verify the Issuer's identity and background in a manner satisfactory to the Purchaser.

Section 9.03. Amendments and Waivers; Enforcement. The Purchaser and the Issuer may from time to time enter into agreements amending, modifying or supplementing this Agreement or the other Related Documents or changing the rights of the Purchaser or the Issuer hereunder or thereunder, and the Purchaser may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Issuer hereunder or thereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

Section 9.04. No Implied Waiver; Cumulative Remedies. No course of dealing and no delay or failure of the Purchaser in exercising any right, power or privilege under this Agreement or the other Related Documents shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Purchaser under this Agreement are cumulative and not exclusive of any rights or remedies which the Purchaser would otherwise have under any Related Document, at law or in equity.

Section 9.05. Notices. All notices, requests, demands, directions and other communications (collectively "notices") under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (i) if by first class mail, five (5) days after mailing; (ii) if by overnight delivery, on the

next Business Day; (iii) if by telephone, when given to a person who confirms such receipt; and (iv) if by facsimile, when confirmation of receipt is obtained. All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

The Issuer: The City of Waukesha, Waukesha County, Wisconsin
201 Delafield Street
Waukesha, WI 53188
Attention: Richard Abbott, Finance Director
Telephone: (262) 524-3556
Email: rabbott@waukesha-wi.gov

With a copy to:

Waukesha Water Utility
P.O. Box 1648
Waukesha, WI 53187-1648
Attention: Joseph P. Ciarro,
Administrative Services Manager
Telephone: (262) 521-5272 x518
Email: jciurro@waukesha-water.com

The Purchaser: BMO Harris Bank N.A.
111 West Monroe Street
Chicago, Illinois 60603
Attention: John Mattern
Facsimile: (312) 293-5811
Telephone: (312) 461-3295
Email: john.mattern@bmo.com

The Purchaser with respect to a Request for an Advance: BMO Harris Bank N.A.
111 West Monroe Street
Chicago, Illinois 60603
Attention: Linda Burns
Facsimile: (312) 293-5283
Email: linda.burns@bmo.com
gfs.csgruopc@bmo.com

The Purchaser may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

Section 9.06. Right of Setoff. (a) Upon the occurrence of an Event of Default, a Noteholder may, at any time and from time to time, without notice to the Issuer or any other person (any such notice being expressly waived), set off and appropriate and apply against and

on account of any Obligations under this Agreement, without regard to whether or not such Noteholder shall have made any demand therefor, and although such Obligations may be contingent or unmatured, any and all deposits (general or special, including but not limited to deposits made pursuant to this Agreement and Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts, such as restricted donor accounts) and any other Debt at any time held or owing by such Noteholder to or for the credit or the account of any or all of the Issuer.

(b) Each Noteholder agrees promptly to notify the Issuer after any such set-off and application referred to in subsection (a) above, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. Subject to the provisions of subsection (a) above, the rights of a Noteholder under this Section 9.06 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which such Noteholder may have.

Section 9.07. No Third-Party Rights. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Noteholders any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

Section 9.08. Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 9.09. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.
(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF WISCONSIN.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO IN PERSONAM JURISDICTION AND VENUE IN THE STATE OF WISCONSIN AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE STATE OF WISCONSIN. EACH PARTY ASSERTS THAT IT HAS PURPOSEFULLY AVAILED ITSELF OF THE BENEFITS OF THE LAWS OF THE STATE OF WISCONSIN AND WAIVES ANY OBJECTION TO IN PERSONAM JURISDICTION ON THE GROUNDS OF MINIMUM CONTACTS, WAIVES ANY OBJECTION TO VENUE, AND WAIVES ANY PLEA OF FORUM NON CONVENIENS. THIS CONSENT TO AND SUBMISSION TO JURISDICTION IS WITH REGARD TO ANY ACTION RELATED TO THIS AGREEMENT. REGARDLESS OF WHETHER THE PARTY'S ACTIONS TOOK PLACE IN THE STATE OF WISCONSIN OR ELSEWHERE IN THE UNITED STATES, THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE, AND DOES NOT PRECLUDE EITHER PARTY FROM OBTAINING JURISDICTION OVER THE OTHER IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) TO THE EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE RELATED DOCUMENTS OR ANY OF THE TRANSACTIONS

CONTEMPLATED HEREBY OR THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

(d) The covenants and waivers made pursuant to this Section 9.09 shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 9.10. Prior Understandings. This Agreement and the other Related Documents supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

Section 9.11. Duration. All representations and warranties of the Issuer contained herein or made in connection herewith shall survive the making of and shall not be waived by the execution and delivery of this Agreement or the other Related Documents. All covenants and agreements of the Issuer contained herein shall continue in full force and effect from and after the date hereof until the Obligations have been fully discharged.

Section 9.12. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

Section 9.13. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Issuer, its successors, transferees and assigns and shall inure to the benefit of the Noteholders and their respective permitted successors, transferees and assigns. The Issuer may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser. Each Noteholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Notes and the Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. BMO Harris Bank N.A. shall be the Purchaser hereunder until such time as the Majority Noteholder designates an alternate Person to serve as the Purchaser hereunder by delivery of written notice to the Issuer and such Person accepts and agrees to act as the Purchaser hereunder and under the Related Documents. The Majority Noteholder may so designate an alternate Person to act as the Purchaser from time to time. Upon acceptance and notification thereof to the Issuer, the successor to the Purchaser for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Purchaser, and BMO Harris Bank N.A. or any other Person being replaced as the Purchaser shall be discharged from its duties and obligations as the Purchaser hereunder.

(b) *Sales and Transfers by Noteholder to a Purchaser Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Notes to a Person that is (i) an Affiliate of the Purchaser or (ii) a trust or other custodial arrangement established by the Purchaser or an Affiliate of the Purchaser (each, a "*Purchaser Transferee*"). From and after the date of such sale or transfer, BMO Harris Bank N.A. (and its successors) shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Issuer shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Issuer.

(c) *Sales and Transfers by Noteholder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer all or any portion of the Notes to one or more transferees that the Purchaser reasonably believes is qualified to purchase or hold the Notes which are not Purchaser Transferees (each a "*Non-Purchaser Transferee*") if written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the Issuer and the Purchaser (if different than the Noteholder) by such selling Noteholder and Non-Purchaser Transferee.

From and after the date the Issuer and the selling Noteholder have received written notice and an executed Purchaser Letter, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Noteholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Noteholder hereunder and under the other Related Documents shall thereafter refer to such transferring Noteholder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Noteholder no longer owns any Notes, then it shall relinquish its rights and be released from its obligations hereunder and under the Related Documents.

(d) *Participations.* The Purchaser shall have the right to grant participations in all or a portion of the Purchaser's interest in the Notes, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however*, that (i) no such participation by any such participant shall in any way affect the obligations of the Purchaser hereunder and (ii) the Issuer shall be required to deal only with the Purchaser, with respect to any matters under this Agreement, the Notes and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Issuer.

(e) *Certain Pledges.* In addition to the rights of the Purchaser set forth above, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights or interests under the Notes, this Agreement and/or the Related Documents to secure obligations of the Purchaser or an Affiliate of the Purchaser, including any pledge or assignment to secure

obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto.

Section 9.14. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 9.15. No Fiduciary Relationship. The Issuer acknowledges and agrees that its dealing with the Purchaser are solely in the nature of a debtor/creditor relationship and that in no event shall the Purchaser be considered to be a partner or joint venturer of the Issuer. Also, the Issuer represents and warrants that it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of the Purchaser (including agents of the Purchaser), if any, in deciding to pursue such undertaking. As the Issuer is experienced in business, in no event shall the Purchaser owe any fiduciary or similar obligations to it in connection with the subject transaction.

Section 9.16. Electronic Signatures. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

BMO HARRIS BANK N.A.

By John M. Mather
Name: John M. Mather
Title: Managing Director

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By _____
Name: _____
Title: Mayor

By _____
Name: _____
Title: City Clerk

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

BMO HARRIS BANK N.A.

By _____
Name: _____
Title: _____

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By Shawn N. Reilly
Name: Shawn N. Reilly
Title: Mayor

By Gina Krulik
Name: GINA KRULIK
Title: City Clerk

EXHIBIT A

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this "*Certificate*") is furnished to BMO Harris Bank N.A. (the "*Purchaser*") pursuant to that certain Continuing Covenant Agreement dated as of April 2, 2018 (the "*Agreement*"), between The City of Waukesha, Waukesha County, Wisconsin (the "*Issuer*") and Purchaser. Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected chief financial officer of the Issuer;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Issuer during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below;
4. The financial statements required by Section 6.05 of the Agreement and being furnished to you concurrently with this certificate fairly represent the consolidated financial condition of the Issuer in accordance with GAAP (subject to year end adjustments) as of the dates and for the periods covered thereby.
5. Attached are true and accurate calculations demonstrating compliance with the financial covenant[s] set forth in Section 6.09 of the Agreement for the periods specified in such attachment.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Issuer has taken, is taking, or proposes to take with respect to each such condition or event:

The foregoing certifications and the financial statements delivered with this Certificate in support hereof, are made and delivered this _____ day of _____, 20__.

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By: _____
Name: _____
Title: _____

[ATTACHMENT TO COMPLIANCE CERTIFICATE]

COMPLIANCE CALCULATIONS FOR CONTINUING COVENANT AGREEMENT DATED AS OF
APRIL 2, 2018

Calculations as of _____, 20__]

A. _____ (Section ____)

1. _____ \$ _____

2. _____ \$ _____

3. Ratio of Line A1 to Line A2 _____

4. Line A3 must not be [less][greater] than _____:1.00

5. The Issuer is in compliance (circle one) Yes/No

The foregoing certifications, together with the computations set forth in the Attachment hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this __ day of _____, 20__.

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By: _____
Name: _____
Title: _____

EXHIBIT B

**FORM OF
REQUEST FOR ADVANCE**

**WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTES,
(SERIES 2018)**

_____, _____

BMO Harris Bank N.A.
111 West Monroe St
Chicago, IL 60603
Attention: Linda Burns
Facsimile: (312) 293-5283
Email: linda.burns@bmo.com
gfs.csgrgroupc@bmo.com

Ladies and Gentlemen:

The undersigned, Joseph P. Ciarro, the Administrative Services Manager of the Waukesha Water Utility of The City of Waukesha, Waukesha County, Wisconsin (the "*Borrower*"), refers to that certain Continuing Covenant Agreement dated as of April 2, 2018 (the "*Agreement*") between the Borrower and BMO Harris Bank N.A. (the "*Purchaser*"), the terms defined therein being used herein as therein defined, and hereby gives the Purchaser notice irrevocably, pursuant to Section 2.02(c) of the Agreement, of the Advance specified below:

1. The Business Day of the proposed Advance is _____.
2. The principal amount of the proposed Advance is \$_____.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Date of Advance, before and after giving effect thereto:

(a) the representations and warranties of the Borrower set forth in Article V of the Agreement shall be true and correct in all material respects on such Date of Advance (except to the extent any such representation or warranty expressly relates to an earlier date); and

(b) no Default or Event of Default shall have occurred and be continuing on such Date of Advance; and

(c) none of the Issuer or the Purchaser shall have received written notice from Bond Counsel that the opinion delivered pursuant to Section 4.01(c)(iii) of the Agreement may no longer be relied upon.

The Advance shall be made by the Purchaser by wire transfer of immediately available funds to the Trustee in accordance with the following instructions:

Bank Name: U.S. Bank, N.A.

ABA Number: 075000022

For Further Credit to: Local Government Investment Pool,
City of Waukesha Water Utility

WWU: 867902-01

[SIGNATURE PAGE TO FOLLOW]

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By: _____
Name: _____
Title: _____

Accepted and Agreed

BMO HARRIS BANK N.A.

By: _____
Name: _____
Title: _____

REGISTERED

NO. R-1

UNITED STATES OF AMERICA

STATE OF WISCONSIN

WAUKESHA COUNTY

CITY OF WAUKESHA

WATERWORKS SYSTEM REVENUE BOND

ANTICIPATION NOTE, SERIES 2018

DOLLARS

\$32,800,000

SPECIMEN

MATURITY DATE:

ORIGINAL DATE OF ISSUE:

April 1, 2023

April 2, 2018

REGISTERED OWNER: BMO HARRIS BANK N.A.

PRINCIPAL AMOUNT: THIRTY-TWO MILLION EIGHT HUNDRED THOUSAND
DOLLARS (\$32,800,000)

FOR VALUE RECEIVED, the City of Waukesha, Waukesha County, Wisconsin (the "Municipality"), hereby acknowledges itself to owe and promises to pay to the Registered Owner identified above (or to registered assigns) ("Registered Owner"), on the maturity date identified above, the principal amount identified above (but only so much as shall have been drawn hereunder) and to pay interest thereon at the Applicable Interest Rate (defined below) (but only on amounts as shall have been drawn hereunder from the dates the amounts are drawn hereunder), all subject to the provisions set forth herein regarding redemption prior to maturity. The "Applicable Interest Rate" shall be equal to the lesser of (a) (81% of the LIBOR Rate (as defined below)) plus the Applicable Spread (as defined below) or (b) eighteen percent (18%) (the "Maximum Rate"). Interest is computed on the basis of actual days elapsed and a 360-day year. Interest is payable semi-annually on the first Business Days of April and October of each year, commencing on October 1, 2018 and on the Maturity Date set forth above. The Applicable Interest Rate shall be determined by the Bank on the first Business Day of each month and shall remain in effect, subject to adjustment as set forth herein, until the day prior to the first Business Day of the following month.

"LIBOR Rate" means the one-month London Interbank Offered Rate (or a comparable successor rate as described below) as reported on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Bank from time to time) as reported on the first Business Day or each month, unless such rate is no longer available or published, in which case such rate shall be at a comparable alternate index rate reasonably selected by the Bank with written notice to Municipality. In no event shall the LIBOR Rate be less than 0.00%.

“Applicable Spread” means the following:

(a) Initially seventy-four basis points (0.74%), *provided, however*, that in the event of any change in any credit rating assigned to the long-term unenhanced debt of the System by Moody’s Investors Service, Inc. (the “Rating Agency”), the Applicable Spread shall be the number of basis points associated with such new rating as set forth in the following schedule:

TIER	CREDIT RATING	APPLICABLE SPREAD
I	Aa2	0.74%
II	Aa3	0.84%
III	A1	0.94%
IV	A2	1.04%
V	A3	1.14%
VI	Baa1	1.24%

References in this definition of Applicable Spread are to rating categories as presently determined by the Rating Agency, and in the event of the adoption of any new or changed rating system or a “global” rating scale by the Rating Agency, the rating categories shall be adjusted accordingly to a new rating which most closely approximates the requirements as set forth herein. Any change in the Applicable Spread shall apply when the Applicable Interest Rate is reset on the first Business Day of the month next succeeding the date on which the change occurs.

Notwithstanding the foregoing provisions, the Applicable Interest Rate shall be adjusted as follows:

(1) From and after any Taxable Date, the Applicable Interest Rate on the Note shall be established at a rate at all times equal to the Taxable Rate.

(2) Upon the occurrence and during the continuation of an Event of Default, the Applicable Interest Rate for the Note shall be established at a rate at all times equal to the Default Rate, payable on demand to the Bank.

(3) If the interest rate on the Note exceeds the Maximum Rate, then the Note shall bear interest at the Maximum Rate and interest on the Note calculated at the rate equal to the difference between (a) the rate of interest on the Note as calculated pursuant hereto and (b) the Maximum Rate (the “Excess Interest”) shall be deferred until such date as the rate of interest borne by the Note is below the Maximum Rate, as which time Excess Interest shall be payable with respect to the Note in amounts that, when combined with the then-current interest due on the Note, does not exceed payment at the Maximum Rate.

Both the principal of and interest on this Note are payable in lawful money of the United States by the City Clerk or City Treasurer (the "Fiscal Agent").

Payment of each installment of interest shall be made to the Registered Owner hereof who shall appear on the registration books of the Municipality maintained by the Fiscal Agent and shall be paid by wire transfer to the Registered Owner in accordance with the wire transfer instructions provided by such Registered Owner to the Fiscal Agent. Principal of this Note shall be payable only upon presentation and surrender of this Note at the office of the Fiscal Agent.

This Note is issued by the Municipality pursuant to the provisions of Section 66.0621(4)(L), Wisconsin Statutes, for the purpose of paying the cost of additions, extensions and improvements to the City's Waterworks System (the "Project") and refunding obligations issued to finance improvements to the Waterworks System (the "Refunding"), all as authorized by a resolution of the Common Council duly adopted by said governing body at a meeting held on March 6, 2018 (the "Resolution"). The Resolution is recorded in the official minutes of the Common Council for said date.

In the Resolution, the Common Council declared its intention and covenanted to issue Waterworks System Revenue Bonds (the "Revenue Bonds") for the purpose of paying the cost of the Project and the Refunding. The Note is issued to anticipate the sale of the Revenue Bonds.

The Note is payable only from:

- 1) any proceeds from the issuance and sale of the Note set aside for payment of interest on the Note;
- 2) the proceeds derived from the issuance and sale of the Revenue Bonds which shall be set aside as a special trust fund for that purpose; and
- 3) a pledge of the income and revenues of the Municipality's Waterworks System deposited in the Debt Service Fund (as defined in the Resolution) with the same priority of pledge as that to be enjoyed by the Revenue Bonds, such pledge being junior and subordinate to the pledge granted to the owners of the Waterworks System Revenue Bonds, Series 2008, dated April 22, 2008 and the Waterworks System Revenue Bonds, Series 2013, dated May 22, 2013.

THE NOTE DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE MUNICIPALITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR PROVISION. NO LIEN IS CREATED UPON THE WATERWORKS SYSTEM OR ANY OTHER PROPERTY OF THE MUNICIPALITY AS A RESULT OF THE ISSUANCE OF THE NOTE.

The Note is subject to redemption prior to maturity, at the option of the Municipality, on April 1, 2019 or on any date thereafter, in whole or from time to time in part, at the principal amount thereof, plus accrued interest to the date of redemption. In addition, prior to April 1,

2019, the Note is subject to redemption at the option of the Municipality upon payment of an optional redemption fee as described in the Resolution.

Before the redemption of the Note, unless waived by the registered owner, the Municipality shall give notice of such redemption by registered or certified mail at least thirty (30) days prior to the date fixed for redemption to the registered owner of each Note to be redeemed, in whole or in part, at the address shown on the registration books. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Note shall cease to bear interest on the specified redemption date, provided that federal or other immediately available funds sufficient for such redemption are on deposit with the registered owner at that time. Upon such deposit of funds for redemption the Note shall no longer be deemed to be outstanding.

Capitalized terms used in this Note which are not defined herein shall have the meaning given to those terms in the Continuing Covenant Agreement dated April 2, 2018 between the Municipality and BMO Harris Bank N.A. relating to the Note.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Note have been done, have existed and have been performed in due form and time. The Municipality has covenanted to issue and sell the Revenue Bonds, the sale of which this Note anticipates, as soon as practicable and to set aside the proceeds of the Revenue Bonds into a special trust fund for the payment of the principal of and interest on this Note.

This Note is transferable only upon the books of the Municipality kept for that purpose at the office of the Fiscal Agent, upon surrender of the Note to the Fiscal Agent, and thereupon a new fully registered Note in the same aggregate principal amount shall be issued to the new Registered Owner in exchange therefor and upon the payment of a charge sufficient to reimburse the Municipality for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the Note after such Note has been called for redemption. The Fiscal Agent and Municipality may treat and consider the Registered Owner in whose name this Note is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever. The Note is issuable solely as a negotiable, fully-registered Note without a coupon.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

IN WITNESS WHEREOF, the City of Waukesha, Waukesha County, Wisconsin, by its governing body, has caused this Note to be executed for it and in its name by the manual or facsimile signatures of its duly qualified Mayor and City Clerk; and to be sealed with its official or corporate seal, all as of the original date of issue specified above.

CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN



By: Shawn N. Kelly
Shawn N. Kelly
Mayor

By: Gina Kozlik
Gina Kozlik
City Clerk

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

(Social Security or other Identifying Number of Assignee)

the within Note and all rights thereunder and hereby irrevocably constitutes and appoints _____, Legal Representative, to transfer said Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(e.g. Bank, Trust Company
or Securities Firm)

(Registered Owner)

NOTICE: This signature must correspond with the name of the Registered Owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

(Authorized Officer)

*The Internal Revenue Code of 1986 (IRC Section 149) requires that for interest on a municipal obligation with a term greater than one year to be exempt from federal income tax, the obligation must be issued and remain in registered form.

Section 67.09, Wisconsin Statutes provides that the City Clerk of the City when acting as the registrar shall record the registration of each note or bond in its bond registrar. Therefore, if this Note is to be assigned, the City Clerk of the City should be notified and a copy of this Assignment should be sent to the City Clerk of the City for his or her records.

CITY OF WAUKESHA, WISCONSIN

TAX EXEMPTION CERTIFICATE

DATED APRIL 2, 2018

\$32,800,000
WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2018

TAX EXEMPTION CERTIFICATE

THIS TAX EXEMPTION CERTIFICATE (the "Certificate") is being executed effective April 2, 2018, by the City of Waukesha, Wisconsin (the "Issuer") in connection with the issuance by the Issuer on the date of this Certificate of its \$32,800,000 Waterworks System Revenue Bond Anticipation Note, Series 2018 (the "Obligations").

The Obligations are being issued pursuant to a resolution adopted on March 6, 2018 (the "Resolution") and are being sold to BMO Harris Bank N.A. (the "Purchaser").

The Issuer will use the proceeds of the Obligations for the following purposes:

- (i) to pay all or a portion of the costs of water utility projects (collectively the "Project");
- (ii) to pay all or a portion of the costs of current refunding the Waterworks System Revenue Bonds, Series 2008, dated April 22, 2008 (the "Refunded Obligations"); and
- (iii) to pay certain costs associated with the issuance of the Obligations.

Hereinafter, the refunding of the Refunded Obligations shall be referred to as the "Refunding."

WHEREAS, it is the purpose of this Certificate and the Certificate of Purchaser attached as Exhibit B (the "Purchaser's Certificate") to set forth the facts, circumstances, estimates and expectations as to future events of the Issuer and the Purchaser upon which it may be concluded that the Obligations are not "private activity bonds" under Section 141 of the Internal Revenue Code of 1986, as amended (the "Code") and the related regulations of the Internal Revenue Service (the "Regulations") and are not Arbitrage Bonds.

The Issuer certifies, represents and agrees as follows:

ARTICLE 1 PROCEEDS

Section 1.1. Purchase Price. The Obligations will be purchased by the Purchaser in exchange for the principal amount drawn under the Obligations (hereinafter referred to as "Sale Proceeds," "Issue Price" or "Total Purchase Price").

Section 1.2. Deposit of the Sale Proceeds. Upon receipt, the Issuer will cause the Sale Proceeds to be deposited in the Borrowed Money Fund and used for Issuing Expenses, refunding the Refunding Obligations and paying Project costs in the amounts estimated on Exhibit A. On the date of this Certificate, the Issuer will draw at least \$50,001 under the Obligations.

Therefore, the issue date of the issue of which the Obligations are a part is the date of this Certificate (April 2, 2018).

On the date of this Certificate, except as provided in this Section and except with respect to the Prior Debt Service Fund Amount and the Prior Reserve Fund Amount, no money from any source is being deposited in any fund or account created by the Resolution. Except for the amounts described in this Section and except for amounts that may be described on the "Facts and Estimates in Support of Tax Exemption Certificate" attached as Exhibit A to this Certificate (the "Facts and Estimates"), the Issuer does not have or expect to receive, from any source whatever, any funds the use of which is restricted, legally or by contract or otherwise, to the same purposes for which the Obligations are being issued.

Section 1.3. Investment Proceeds. Investment Proceeds have been estimated based upon the assumed investment rate set forth in the Facts and Estimates and disbursement of the Borrowed Money Fund according to the schedule set forth in the Facts and Estimates. The assumed investment rate and disbursement schedule are reasonable. The Investment Proceeds will be applied as provided in the Resolution.

ARTICLE 2 THE PROJECT

Section 2.1. Estimated Cost of the Project. The Estimated Total Cost of the Project to be financed in whole or in part from Sale Proceeds, Investment Proceeds or funds provided by the Issuer is comprised of the estimated or actual costs set forth in the Facts and Estimates.

Section 2.2. Sources of Payment for the Costs of the Project. The Estimated Total Cost of the Project is expected to be paid from the sources of funds set forth in the Facts and Estimates.

The Issuer does not have or expect to have any property, including cash and securities that must be used or, except to the extent that the sources described in the Facts and Estimates are insufficient to pay the Estimated Total Cost of the Project, are expected to be used, directly or indirectly, to pay any of the Estimated Total Cost of the Project.

Section 2.3. Project Diligence. The Issuer has commenced the construction and acquisition of the Project and either has incurred on the date of this Certificate or expects to incur within 6 months of the date of this Certificate substantial binding obligations (which are not subject to contingencies within the control of the Issuer) to third parties to expend at least 5% of the Net Proceeds of the Obligations allocable to the Project on the Project. The completion of the Project and the allocation of the Net Proceeds to expenditures related to the Project are expected to proceed with due diligence. The assumed construction and acquisition schedules set forth in the Facts and Estimates are reasonable and will result in 100% of the Net Proceeds allocable to the Project being allocated to expenditures on the Project within a period ending three years from the date of this Certificate.

Section 2.4. Obligations Not Hedge Bonds. None of the Proceeds of the Obligations allocated to the Project are being invested in nonpurpose investments having a substantially guaranteed yield for a period of four years or more.

Section 2.5. No Restricted Working Capital Expenditures. All of the Gross Proceeds of the Obligations allocated to the Project which are not applied to the payment of costs which are properly chargeable to a capital account (or would be so chargeable with a proper election to do so) will be applied to the payment of (a) Issuing Expenses, (b) interest on the Obligations for a period commencing on the date of this Certificate and ending on the date that is the later of three years from the date of this Certificate or one year after the Project is placed in service, (c) rebate or yield reduction payments, (d) working capital costs, other than those described in (a) and (b) of this Section, not exceeding 5% of the Sale Proceeds of the Obligations and that are directly related to capital expenditures financed by the Obligations and (e) principal or interest on the Obligations to the extent they are unexpected excess Sale Proceeds or Investment Proceeds that are deposited in a bona fide debt service fund.

Section 2.6. Reimbursement. Any costs of the Project which the Issuer has paid prior to the date of this Certificate for which the Issuer expects to be reimbursed from the Proceeds of the Obligations are described in the Facts and Estimates (and referred to in this Certificate as the "Reimbursable Expenditures"). The Issuer certifies that each Reimbursable Expenditure was, and agrees that it will not reimburse itself for a Reimbursable Expenditure unless it was, (a) paid by the Issuer from its own cash and either has been or could be capitalized by the Issuer for accounting purposes and (b) not paid prior to the sixtieth day before the adoption by the Issuer of the preliminary resolution authorizing the issuance of the Obligations adopted on December 19, 2017 (the "Reimbursement Resolutions") except for (i) those representing Issuing Expenses, (ii) those which are Preliminary Expenditures and which, in the aggregate, represent not more than 20% of the Issue Price of the portion of the Obligations that are expected to finance the portion of the Project for which the Preliminary Expenditures were incurred and (iii) those which do not exceed in the aggregate the lesser of \$100,000 or 5% of the Proceeds. On the date the Reimbursement Resolutions were adopted, the Issuer reasonably expected that it would reimburse itself for the expenditures described in the Reimbursement Resolutions from the proceeds of an obligation. The Reimbursement Resolutions were not blanket resolutions routinely adopted as a matter of course. Any reimbursement allocation to be made with respect to the Reimbursable Expenditures will be made in writing not later than 18 months after the later of the date a Reimbursable Expenditure was paid or the date the property provided by a Reimbursable Expenditure was placed in service, but in no event more than 3 years after the Reimbursable Expenditure was paid. All of the expenditures for which the Issuer will be reimbursed from the Proceeds of the Obligations were described in the Reimbursement Resolutions. Proceeds of the Obligations in an amount equal to the amount of expenditures relating to the Project which have been paid from other funds of the Issuer prior to receipt of the proceeds of the Obligations are hereby allocated to the reimbursement of those original expenditures.

No portion of the proceeds of the Obligations allocable to the Reimbursable Expenditures will, upon receipt by the Issuer, be used, directly or indirectly, (i) within one year of the date of its allocation, to refund an issue of governmental obligations or to create or increase the balance in, or replace funds that have been, are being or will be on deposit in, a sinking fund (other than a bona fide debt service fund) or a reserve or replacement fund or in any manner which results in the creation of Replacement Proceeds of the Obligations or any other bonds or (ii) in any abusive arbitrage device designed to avoid, in whole or in part, arbitrage yield restrictions, arbitrage rebate requirements or any other provision of Sections 142 through 147 of the Code.

Section 2.7. Allocation of Proceeds. The Issuer may establish any allocation and accounting method for the Proceeds of the Obligations that is permitted under the Code so long as the allocation is not inconsistent with the provisions of the Resolution. The Issuer acknowledges that it must account for the allocation of Proceeds to expenditures not later than 18 months after the later of (a) the date the expenditure is paid or (b) the date the project to be financed, if any, is placed in service, but in no event later than the date 60 days after the fifth anniversary of the Issue Date or the date 60 days after the retirement of the Obligations, if earlier (as set forth in Regulations Section 1.148-6(d)(1)(iii)).

ARTICLE 3 THE REFUNDING

Section 3.1. Obligations Allocated to the Refunding Constitute a Refunding. The Proceeds of the Obligations allocated to the Refunding (the "Refunding Obligations") will be used to pay the principal of, premium, if any, and interest on the Refunded Obligations and related costs. The Issuer is the obligor under both the Obligations and the Refunded Obligations. The Proceeds of the Refunding Obligations will not be drawn more than ninety (90) days before the redemption of the Refunded Obligations on October 1, 2018 (the "Redemption Date"). Therefore, the Refunding will be a current refunding, because the issue date of the Refunding Obligations will not be more from ninety (90) days before the Redemption Date.

Section 3.2. Use of the Proceeds of the Refunded Obligations. The proceeds of the Refunded Obligations were used to finance additions, improvements and extensions to the Waterworks System of the Issuer.

Section 3.3. Estimated Cost of the Refunding. The Estimated Total Cost of the Refunding to be financed in whole or in part from the Sale Proceeds is comprised of the estimated or actual costs set forth in the Facts and Estimates.

Section 3.4. Sources of Payment for the Costs of the Refunding. The Estimated Total Cost of the Refunding is expected to be paid from the sources of funds set forth in the Facts and Estimates. Except as provided in this Section, the Issuer does not expect to have any property, including cash and securities, that must be used or are expected to be used, directly or indirectly, to pay any of the Estimated Total Cost of the Refunding.

Section 3.5. Multipurpose Issue Allocations. The Refunded Obligations are not a multipurpose issue. The Obligations are a multipurpose issue and are allocated to the Project and the Refunding on a pro rata basis, determined by the amount of Proceeds of the Obligations drawn for those purposes.

Section 3.6. Remaining Funds. On the date of this Certificate, the amounts shown on the Facts and Estimates are on deposit in (a) the Special Redemption Fund created by the Prior Resolution or have been designated by the Issuer to be used to pay debt service on the Refunded Obligations (the "Prior Debt Service Fund Amount") and (b) the debt service reserve fund created by the Prior Resolution (the "Prior Reserve Fund Amount"). Except as provided in the preceding sentence, no amounts are on deposit in (a) any fund or account created by the Prior Resolution, (b) any refunding escrow funded in whole or in part with proceeds of the Refunded Obligations or

(c) any fund or account (regardless of where it is located or by whom it is owned) created with respect to the Refunded Obligations. There are no other remaining gross proceeds of the Refunded Obligations (determined in the same manner as Gross Proceeds of the Obligations).

Section 3.7. Source and Application of Remaining Funds. (a) The Prior Debt Service Fund Amount is exclusively funds of the Issuer which were to be used to pay debt service on the Refunded Obligations and investment income on those funds. The Prior Debt Service Fund Amount will be applied to pay costs of the Refunding on October 1, 2018.

(b) The Prior Reserve Fund Amount is gross proceeds of the Refunded Obligations and interest income on those proceeds. The Prior Reserve Fund Amount will be applied to pay costs of the Refunding on October 1, 2018.

Section 3.8. Transferred Proceeds. Other than the Prior Reserve Fund Amount, there are no remaining sale or investment proceeds of the Refunded Obligations, so there will be no Transferred Proceeds.

Section 3.9. Refunding Obligations Not Hedge Bonds. The Issuer expected on the date that the Refunded Obligations and any obligations refunded thereby were issued that at least 85% of the spendable proceeds of the non-refunding portion of such obligations would be used to carry out the governmental purposes of such obligations within a three year period beginning on the date such obligations were issued and not more than 50% of the proceeds of the non-refunding portion of such obligations were invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

Section 3.10. Final Rebate Calculation. The Issuer agrees to consult with its rebate calculator to determine whether it is required within 60 days of the date of final discharge of the Refunded Obligations to have calculated the amount, if any, which it owes to the United States pursuant to Section 148 of the Code with respect to the Refunded Obligations and to have paid that amount in the manner described in the Regulations.

Section 3.11. Reimbursement with Proceeds of the Refunded Obligations. If the proceeds of the Refunded Obligations or any obligations refunded thereby were used to reimburse the Issuer for expenditures paid by it prior to the date such obligations were issued, that reimbursement was a valid expenditure under applicable law on reimbursement expenditures on the date such obligations were issued.

ARTICLE 4

COVENANTS AND CERTIFICATIONS REGARDING OWNERSHIP AND USE OF THE FINANCED PROPERTY AND CERTAIN OTHER GENERAL FEDERAL INCOME TAX MATTERS

Section 4.1. Ownership of the Financed Property. All of the property which is to be provided by the Proceeds of the Obligations and all of the property which was provided with the proceeds of the Refunded Obligations (collectively, the "Financed Property") is and will be owned by the Issuer. The Issuer agrees that it will not cease to own any portion of the Financed Property unless the Issuer complies with the applicable provisions of the Resolution and either (i) all property financed directly or indirectly with the Proceeds of the Obligations which the

Issuer no longer owns was property which had become inadequate, obsolete or worn out and that the property had been owned and used by the Issuer for a period not less than its reasonably expected economic life or (ii) it obtains an opinion of bond counsel to the effect that the disposition will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur. The Issuer agrees that any proceeds realized from the disposition of any Financed Property as provided in the preceding sentence will be treated as Financed Property for purposes of this Certificate or in any other manner which, based upon an opinion of bond counsel, will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur.

Section 4.2. Use of the Project and the Financed Property. No person other than the Issuer, employees of the Issuer and members of the general public currently uses any portion of the Financed Property except pursuant to the contracts described in Exhibit 4.2 ("Private Use Contracts"). Except for the Private Use Contracts, there are and will be no leases, management or incentive payment contracts, take-or-pay or other output contracts or similar arrangements between the Issuer and any nongovernmental person with respect to the Financed Property. All users of the Issuer's Waterworks System (the "System") have access to and use the System, and pay charges for use of the System, on the same basis as all other members of the general public.

The Issuer agrees that no portion of the Proceeds of the Obligations will be used for a Private Business Use except pursuant to the Private Use Contracts and that payment of the principal of or interest on the Obligations will not directly or indirectly (a) be secured by any interest in property used or to be used for a Private Business Use or payments in respect of property used or to be used for a Private Business Use or (b) be derived from payments in respect of property or borrowed money used or to be used for a Private Business Use to the extent necessary to maintain the tax-exempt status of the interest on the Obligations. The Issuer agrees that it will not lease or otherwise permit others to use any portion of the Financed Property, whether pursuant to an extended or renewed Private Use Contract, a new lease or management contract or otherwise, if the property to be leased or otherwise used, when aggregated with other Financed Property then subject to lease or other use, represents more than 5% of the Proceeds of the Obligations, unless prior to the lease or other permitted use the Issuer obtains an opinion of bond counsel to the effect that the proposed lease or other use will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur.

Section 4.3. Loans of Proceeds. Not more than 5% of the Proceeds of the Obligations has been or will be loaned, directly or indirectly, in whole or in part, by the Issuer to any other person.

Section 4.4. No Federal Guaranty. The Obligations are not "federally guaranteed" within the meaning of Section 149(d) of the Code. Neither the payment of the principal of or interest on the Obligations, nor any credit enhancement or liquidity facility relating to the Obligations is guaranteed, in whole or in part, by the United States or any agency or instrumentality of it. No portion of the Proceeds of the Obligations will be used to make a loan, the payment of principal or interest with respect to which is to be guaranteed, in whole or in part, by the United States or any agency or instrumentality of it. No Proceeds of the Obligations will be invested, directly or indirectly, in federally insured deposits or accounts except for Proceeds invested for an initial temporary period until such Proceeds are needed for the purpose for which

the Obligations were issued, Proceeds invested as a part of a bona fide debt service fund or Proceeds invested in bonds issued by the United States Treasury.

ARTICLE 5 FUNDS AND ACCOUNTS

Section 5.1. Funds and Accounts under the Resolution.

(a) Debt Service Account. The Resolution provides for a Special Redemption Fund (the "Debt Service Account"). The Debt Service Account will be used primarily to achieve a proper matching of revenues with principal and interest payments on the Obligations within each bond year. The Issuer expects that the Debt Service Account will be depleted at least once each bond year to pay debt service on the Obligations (except for a reasonable carryover amount not to exceed the greater of the earnings on the Debt Service Account, in the aggregate, for the immediately preceding bond year or one-twelfth of the principal and interest payments on the Obligations for the immediately preceding bond year).

(b) Borrowed Money Fund. The Resolution creates an Improvement Fund and a Refunding Fund (collectively, the "Borrowed Money Fund"). Proceeds of the Refunding Obligations in an amount sufficient to provide for payment of the Refunded Obligations shall be drawn by the Issuer no sooner than ninety (90) days prior to the redemption date of the Refunded Obligations and deposited in the Borrowed Money Fund. Amounts on deposit in the Borrowed Money Fund are reasonably expected to be allocated to expenditures for the Project and Refunding and will be held in the Borrowed Money Fund until they are applied for such purposes.

Section 5.2. No Sinking Fund. The primary source of payment of the Obligations is the proceeds of an authorized issue of revenue bonds which shall be in an amount sufficient to repay the Obligations. Additionally, the Obligations are payable from the income of the Issuer's Waterworks System until said revenue bonds are issued. Other than the Debt Service Account, no funds have been established, or are expected to be established, regardless of where they are located or by whom they are owned, which are reasonably expected to be used, directly or indirectly, to pay the principal of or interest on the Obligations.

Section 5.3. No Pledged Funds. Except for amounts on deposit in the Debt Service Account, there are no amounts which have been pledged or are expected to be pledged or otherwise restricted, regardless of where they are located or by whom they are owned, directly or indirectly, to pay the principal of or interest on the Obligations or to pay amounts due to a guarantor of the Obligations and as to which there is a reasonable assurance that they will be available to pay the principal of or interest on the Obligations even if the Issuer encounters financial difficulties.

Section 5.4. No Negative Pledges. No amounts are or are expected to be held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the owners of the Obligations.

Section 5.5. No Replacement Proceeds. Neither the Issuer nor any other substantial beneficiary of the Obligations has any property or amounts, regardless of where they are located

or by whom they are owned, which have a sufficiently direct nexus to the Obligations or the purposes for which the Obligations are being issued to conclude that those amounts would have been used for the purposes for which the Proceeds of the Obligations are being used if the Proceeds of the Obligations were not so used. The mere availability or preliminary earmarking of amounts for those purposes does not in itself establish a sufficient nexus. Amounts described in this Section include, but are not limited to, sinking funds, pledged funds and other replacement proceeds described in the preceding three Sections to the extent that those funds or amounts are held by or derived from a substantial beneficiary of the Obligations, including the Issuer.

Section 5.6. No Other Replacement Proceeds. The term of the Obligations is not longer than is reasonably necessary for the governmental purpose for which the Obligations are being issued. The Obligations have a weighted average maturity that does not exceed 120% of the average reasonably expected economic life of the Financed Property and property being refinanced, determined as provided under Section 147(b) of the Code based on the information set forth in the Facts and Estimates. None of the Proceeds of the Obligations will be used to finance restricted working capital expenditures or a working capital reserve.

ARTICLE 6

YIELD AND YIELD RESTRICTIONS

Section 6.1. Yield on the Obligations. The Yield on the Obligations is variable and cannot be determined on this date.

Section 6.2. Investment of the Proceeds of the Refunding Obligations Allocated to the Refunding. Since the period from the date on which Proceeds of the Refunding Obligations will be drawn to the date on which the Refunded Obligations will be redeemed will be less than 90 days, it is a permitted temporary period for the investment of the Proceeds of the Refunding Obligations.

Section 6.3. Investment of the Prior Funds. (a) To the extent the Prior Debt Service Fund Amount is to be used for the Refunding, it represents a sinking fund for the Refunded Obligations. If such monies will be expended within thirteen (13) months of the date they were received, they may be invested without restriction on Yield. Otherwise, they must be invested at a Yield which does not exceed the Yield on the Refunded Obligations.

(b) The Prior Reserve Fund Amount will continue to be proceeds of the Refunded Obligations and will serve as a reasonably required reserve fund for the Refunded Obligations until the Refunded Obligations are redeemed. Therefore, the Prior Reserve Fund Amount may be invested without restriction as to Yield to the extent provided in the tax exemption certificate or arbitrage certificate with respect to the Refunded Obligations.

Section 6.4. No Hedging Transactions. The Issuer has not entered an interest rate swap, interest rate cap, futures contract, forward contract, option or other contract designed primarily to modify the Issuer's risk of interest rate changes (collectively, an "Interest Rate Hedge") with respect to the Obligations and the Issuer will not enter an Interest Rate Hedge with respect to the Obligations without obtaining an opinion of bond counsel to the effect that the Interest Rate

Hedge will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur.

Section 6.5. No Other Obligations. The Obligations were sold on the Sale Date. The Issuer has not sold in the 15 days immediately preceding the Sale Date, and the Issuer will not sell within 15 days after the Sale Date, any other tax-exempt obligations that will be sold pursuant to the same plan of financing as the Obligations and which are reasonably expected to be paid from substantially the same source of funds as the Obligations. The Issuer is issuing its Note Anticipation Note, Series 2018, dated April 2, 2018 (the "NAN") at the same time as the Obligations. However, the NAN will not be paid from substantially the same source of funds as the Obligations and so, pursuant to Regulation Section 1.150-1(c)(2), is not treated as part of the same issue as the Obligations.

Section 6.6. Temporary Periods; Yield Restrictions. The Issuer agrees that it will not make investments with money on deposit in the funds and accounts established under the Resolution which do not meet the following limitations:

- (a) Proceeds to be used to pay Issuing Expenses may be invested without regard to the yield on the investment until one year after the date of this Certificate.
- (b) Proceeds on deposit in the Improvement Fund which are to be used to pay costs of the Project, including earnings on them, may be invested without regard to the Yield on the investment until the earlier of (i) three years after the date of this Certificate, (ii) the completion or abandonment of the Project or (iii) the date on which the Obligations are advance refunded.
- (c) Amounts on deposit in the Debt Service Account or any other fund or account, to the extent they are reasonably expected to be expended to pay debt service on the Obligations on or prior to the April 1 immediately succeeding the date of their deposit, may be invested without regard to the Yield on the investment for not more than thirteen months. Other amounts on deposit in the Debt Service Account, except as provided in (f) below, may not be invested in a manner which produces a Yield greater than zero.
- (d) Proceeds to be used for the Refunding may be invested without regard to the Yield on the investment for not more than ninety days after the date on which they are drawn.
- (e) The Prior Debt Service Fund Amount to be applied to the Refunding may be invested without regard to the Yield on the investments for not more than 13 months from the date received by the Issuer.
- (f) Except as otherwise provided in this Section above, amounts on deposit in any fund or account representing earnings on any other fund or account established under the Resolution may be invested without regard to the Yield on the investment for a one-year period beginning on the date of the receipt of those earnings.

Notwithstanding the other provisions of this Section, investments may be made that produce a Yield greater than zero if (i) the Yield on the investment does not exceed the Yield on the Obligations for the relevant computation period (as defined in the Regulations),

(ii) appropriate “*yield reduction payments*” (as defined in Section 1.148-5(c) of the Regulations) are made to the United States Treasury, (iii) the investment is a “*tax-exempt bond*” (as defined in Section 1.150-1(b) of the Regulations) that is not a “*specified private activity bond*” under Section 57(a)(5)(C) of the Code, (iv) the investment is of the minor portion or (v) in the opinion of Bond Counsel, the investment will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur.

Section 6.7. Investments in Certificates of Deposit. The Issuer agrees that it will not invest amounts on deposit in the funds and accounts established under the Resolution in Certificates of Deposit without complying with the provisions of Regulation Section 1.148-5(d)(6)(ii).

Section 6.8. No Investments in Guaranteed Investment Contracts. No amounts on deposit in the funds and accounts established under the Resolution are expected to be invested in an escrow float contract, debt service fund forward agreement, debt service reserve fund agreement or any other nonpurpose investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate or any agreement to supply investments on two or more future dates (a “Guaranteed Investment Contract”). In addition, the Issuer agrees that it will not invest amounts on deposit in the funds and accounts established under the Resolution in a Guaranteed Investment Contract without complying with the provisions of Regulations Section 1.148-5(d)(6)(iii).

Section 6.9. Records Relating to Investments. The Issuer agrees to keep adequate records with respect to its investment and reinvestment of any money it holds in any of the funds and accounts established under the Resolution or otherwise, with respect to the Obligations. For purposes of this Section, adequate records with respect to investments include (a) purchase price, (b) purchase date, (c) type of investment, (d) accrued interest paid, (e) interest rate, if applicable, (f) principal amount, (g) maturity date, (h) interest payment date, if applicable, (i) date of liquidation and (j) receipts upon liquidation.

ARTICLE 7

REBATE

Section 7.1. Rebate. The Obligations allocable to the Project and the Obligations allocable to the Refunding are treated as separate issues for purposes of the arbitrage rebate requirements of the Code and the Regulations.

(a) With respect to the Obligations allocable to the Refunding

(i) It is expected that all of the Proceeds of the Obligations allocable to the Refunding will be expended within six months of the date hereof, and therefore, are exempt from the arbitrage rebate requirements. If they are not, the Issuer will take the actions provided for in (c) below and such other actions as are necessary to comply with the arbitrage rebate requirements set forth in Section 148(f)(2) of the Code.

(b) With respect to the Obligations allocable to the Project

(i) Based on the information set forth in the Facts and Estimates, the Issuer reasonably expects that the Obligations allocable to the Project are a Construction Issue because at least 75% of the Available Construction Proceeds are to be used for Construction Expenditures with respect to property which is owned by the Issuer.

(ii) If at least 10% of the Available Construction Proceeds (including Investment Proceeds) are expended for the governmental purposes of the issue within six months of the date hereof, at least 45% are expended for such purposes within one year, at least 75% are expended for such purposes within eighteen months and 100% are expended within two years (except for Reasonable Retainage which is to be spent within 36 months of the date of issuance of the Obligations), the Obligations allocable to the Project will be exempt from the arbitrage rebate requirements of the Code and Regulations. If they are not, the Issuer will take the actions provided for in (c) below and such other actions as are necessary to comply with the arbitrage rebate requirements set forth in the Code and Regulations.

(iii) For purposes of determining whether the spending requirements of subparagraph (ii) have been met as of the end of each of the first three spending periods, Available Construction Proceeds includes the amount of Investment Proceeds that the Issuer reasonably expects as of the date hereof for the entire two-year spending period. The amount of Investment Proceeds which the Issuer reasonably expects is set forth in the Facts and Estimates.

(iv) Proceeds of the Obligations to be used to pay Issuing Expenses are not included in Available Construction Proceeds, and an expenditure of proceeds of the Obligations to pay Issuing Expenses does not count toward meeting the spending requirements of subparagraph (ii). The Proceeds used to pay issuance costs will be expended by the end of the fourth spending period (i.e., within two years).

(c) Unless the Obligations are exempt from the arbitrage rebate requirements, the Issuer will take the following actions in order to provide for payment to the United States Treasury of amounts required to be paid to it pursuant to Section 148 of the Code:

(i) Not later than 30 days after each Installment Computation Date the Issuer or a bond counsel, a financial consultant, an accountant or another person or entity experienced in calculating arbitrage rebate retained by the Issuer will determine the amount with respect to the Obligations required to be paid to the United States Treasury pursuant to Section 148 of the Code as of the relevant Installment Computation Date.

(ii) The Issuer will make payment to the United States Treasury on the dates (generally, 60 days after each Installment Computation Date and the Final Computation Date), in the amounts and in the manner required by Section 148 of the Code.

(iii) The Issuer agrees to keep the records necessary to make the calculations described in this Section and records of the calculations made under this Section until six years after the final payment of the Obligations.

Section 7.2. In General. The Issuer acknowledges that failure to comply with the provisions of Section 148(f) of the Code, whether or not mentioned in this Certificate, may result in the occurrence of an Event of Taxability or a liability to the United States under Section 148 of the Code. The representations, certifications and elections made in this Article, and the terms used in this Article, are based upon the provisions of Section 148 of the Code and Section 1.148-7 of the Regulations. The Code and Regulations should be consulted for further information regarding the content of this Article.

Section 7.3. Provisions Relating to Two-Year Expenditure Exception.

(a) Rebate Elections Not Being Made. The Issuer is not electing (a) pursuant to Section 1.148-7(f)(2) of the Regulations to satisfy certain requirements of the Regulations relating to rebate based upon actual facts, (b) pursuant to Section 148(f)(4)(C)(v) of the Code and Section 1.148-7(j) of the Regulations to treat the portion of the Obligations funding construction expenditures as a separate issue, or (c) pursuant to Section 148(f)(4)(C)(vii)(I) of the Code and Section 1.148-7(k) of the Regulations, to pay a penalty in lieu of rebate if certain spend-down schedules are not met.

(b) Rebate Election Definitions. For purposes of this Article the following terms have the following definitions:

“Available Construction Proceeds” means:

- (i) the sum of
 - (a) the Issue Price of the Obligations allocated to the Project,
 - (b) the reasonably expected (as of the date of this Certificate) earnings on the Issue Price of the Obligations allocated to the Project, including earnings on the Proceeds used to pay Issuing Expenses allocable to the Obligations allocated to the Project, and
 - (c) reasonably expected (as of the date of this Certificate) earnings on the earnings described in (i)(b), less
- (ii) the Issuing Expenses of the Obligations allocated to the Project. For purposes of determining compliance with the Spend Down Requirements as of the end of each of the First Spending Period, Second Spending Period and Third Spending Period, Available Construction Proceeds includes the aggregate amount of future Investment Proceeds that the Issuer reasonably expected as of the date of this Certificate, as set forth in the Facts and Estimates.

“Capital Expenditures” means any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of “placed in service” under Section 1.150-2(c) of the Regulations) under general federal income tax principles. For example, costs incurred to acquire, construct or improve land, buildings and equipment generally are capital expenditures. Whether an expenditure is a capital

expenditure is determined at the time the expenditure is paid with respect to the property. Future changes in law do not affect whether an expenditure is a capital expenditure.

“Constructed Personal Property” means Tangible Personal Property if (a) a substantial portion of the property is completed more than 6 months after the earlier of the date construction or rehabilitation commenced and the date the Issuer entered into an acquisition contract for the property, (b) based on the reasonable expectations of the Issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of the construction or rehabilitation (and delivery to the Issuer) could not have occurred within that 6-month period and (c) if the Issuer itself builds or rehabilitates the property, not more than 75% of the capitalizable cost is attributable to property acquired by the Issuer (for example, components, raw materials and other supplies).

“Construction Expenditures” means Capital Expenditures that are allocable to the cost of Real Property (which does not include land or other existing Real Property) or Constructed Personal Property. Construction Expenditures are not for the acquisition of an interest in existing Real Property if the property is to be acquired pursuant to a “turnkey” contract but only to the extent that the property has not been built or installed at the time the parties enter into the contract.

“Construction Issue” means an issue of bonds with respect to which the issuer reasonably expects, as of the issue date, that at least 75% of the Available Construction Proceeds of the issue will be allocated to Construction Expenditures for property which is owned by a governmental unit or an organization described in Section 501(c)(3) of the Code.

“Real Property” means land and improvements to land, such as buildings or other inherently permanent structures, including interest in real property. For example, Real Property includes wiring in a building, plumbing systems, central heating or air conditioning systems, pipes or ducts, elevators, escalators installed in a building, paved parking areas, roads, wharves and docks, bridges, and sewer lines.

“Reasonable Retainage” means an amount, not to exceed 5% of Available Construction Proceeds as of the end of the Fourth Spending Period, that is retained by the Issuer for reasonable business purposes relating to the property comprising the Project. A Reasonable Retainage may include a retention to ensure or promote compliance with a construction contract in circumstances in which the retained amount is not yet payable or in which the Issuer reasonably determines that a dispute exists regarding completion or payment.

“Substantially Completed” means, with respect to construction, when the Issuer abandons construction or when at least 90% of the total cost of the construction reasonably expected, as of that date, to be financed with the Available Construction Proceeds has been allocated to expenditures.

“Tangible Personal Property” means any tangible property other than Real Property.

ARTICLE 8 DEFINITIONS

Section 8.1. Definitions. As used in this Certificate, the following terms have the following meanings unless the context clearly requires another meaning. Other capitalized terms used but not defined in this Certificate have the same meanings as are attributed to them in the Resolution.

“Accrued Interest” means the interest, if any, accrued on the Obligations from the date of the Obligations to the date of this Certificate (which does not exceed one year) and which will be paid within one year of the date of this Certificate.

“Arbitrage Bonds” has the meaning used in Section 148 of the Code and the Regulations.

“Closing Date” means April 2, 2018.

“Estimated Total Cost of the Project” means the estimated total cost of the Project as described in Section 2.1 and the Facts and Estimates.

“Estimated Total Cost of the Refunding” means the estimated total cost of refunding the Refunded Obligations as described in Section 3.3 and the Facts and Estimates.

“Event of Taxability” means any act, omission or event which results in the interest paid or payable on any Obligations becoming includable for federal income tax purposes in the gross income of any Registered Owner.

“Final Computation Date” means the date the last Obligation is discharged; provided, however, if the Obligations are retired within 3 years of the issue date, the Final Computation Date need not occur before the end of 8 months after the issue date or during the period in which the Issuer reasonably expects that any of the spending exceptions under Section 1.148-7 of the Regulations will apply to the Obligations.

“Financed Property” has the meaning specified in Section 4.1.

“First Required Rebate Payment Date” means a date which is not later than five years and 60 days after the date on which the Obligations were issued.

“Gross Proceeds” means any Proceeds and Replacement Proceeds.

“Installment Computation Date” means, initially, any date selected by the Issuer pursuant to Section 1.148-3(e) of the Regulations which is not later than five years after the Closing Date (and, if no date is selected by the Issuer, shall be the date which is five years after the Closing Date). Thereafter, but prior to the Final Computation Date, Installment Computation Date means any date selected by the Issuer which is not later than five years after the previous Installment Computation Date. On or before the First Required Rebate Payment Date, the Issuer may treat the last day of any bond year as the Installment Computation Date but then cannot change that treatment after the First Required Rebate Payment Date. After the First Required Rebate

Payment Date, the Issuer must consistently select either the end of each bond year or the fifth bond year as the Installment Computation Date.

“Investment Proceeds” means any amounts actually or constructively received from investing Proceeds of the Obligations. Investment Proceeds as of the date of this Certificate are reasonably expected to be as set forth in the Facts and Estimates.

“Issue Price” means the price paid by the Purchaser for the Obligations because the Purchaser is a single buyer that is not an underwriter. See Section 1.1 and Exhibit B.

“Issuing Expenses” means the costs incurred to issue the Obligations.

“Net Proceeds” means the Sale Proceeds less the amount of Sale Proceeds deposited in a debt service reserve fund (\$0).

“Preliminary Expenditures” means architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs (not including land acquisition, site preparation and similar costs incident to the commencement of construction) with respect to the Project.

“Prior Resolution” means the resolution pursuant to which the Refunded Obligations were issued.

“Private Business Use” means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit.

“Proceeds” means the Sale Proceeds, the Investment Proceeds and the Transferred Proceeds.

“Replacement Proceeds” means amounts of the type described in Sections 5.2 through 5.6.

“Sale Date” means April 2, 2018.

“Sale Proceeds” means any amounts actually or constructively received from the sale of the Obligations, including accrued interest other than Accrued Interest. See Section 1.1.

“Transferred Proceeds” means proceeds of the Refunded Obligations which become transferred proceeds of the Obligations and cease to be proceeds of the Refunded Obligations when Proceeds of the Obligations discharge outstanding principal of the Refunded Obligations.

“U.S. Government Obligations” means obligations which are direct, full faith and credit obligations of the United States of America or are obligations with respect to which the United States of America has unconditionally guaranteed the timely payment of all principal or interest or both, but only to the extent of the principal or interest so guaranteed.

“Yield” means yield computed under Section 1.148-4 of the Regulations for the Obligations and computed under Section 1.148-5 of the Regulations for an investment.

ARTICLE 9 MISCELLANEOUS

Section 9.1. No Overissuance. Based on the information contained in the Facts and Estimates, it is expected that the sum of the Sale Proceeds allocated to the Project, the Investment Proceeds and any funds of the Issuer to be used to pay Project costs will not exceed amounts needed to pay the Estimated Total Cost of the Project. Based on the information contained in the Facts and Estimates, it is expected that the sum of the Sale Proceeds and other amounts allocated to the Refunding will not exceed amounts needed to pay the Estimated Total Cost of the Refunding. Therefore, no Obligations are being issued for purposes other than financing the costs of the Project and the Refunding and no Obligations are being issued solely for the purpose of investing the proceeds derived from their sale in investments having a Yield greater than the Yield on the Obligations.

Section 9.2. Short Term Borrowings. If any short term borrowings have been incurred in anticipation of the issuance of the Obligations, those borrowings will be fully paid and retired within 30 days of the date of this Certificate.

Section 9.3. No Abusive Arbitrage Device. No action has been taken in connection with the issuance of the Obligations which has the effect of enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage and overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Obligations.

Section 9.4. Opinion of Bond Counsel. The Issuer may deviate from the provisions of this Certificate if it is furnished with an opinion of bond counsel to the effect that the proposed deviation will not adversely affect the validity of the Obligations or cause an Event of Taxability to occur. The Issuer further agrees to comply with any further or different instructions provided to it in an opinion of bond counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Obligations or prevent the occurrence of an Event of Taxability.

Section 9.5. Responsibility for Retaining Records. THE ISSUER ACKNOWLEDGES THAT IT IS RESPONSIBLE FOR MAINTAINING ALL RECORDS IN COMPLIANCE WITH THE RULES AND REGULATIONS APPLICABLE TO THE OBLIGATIONS PURSUANT TO THE CODE, INCLUDING THE FOLLOWING:

- (a) the bond transcript;
- (b) information showing how the Proceeds of the Obligations are spent, which may include invoices and checks or other verifiable information;
- (c) records of all investments of Proceeds of the Obligations and any other Gross Proceeds of the Obligations;
- (d) records establishing the use of all Financed Property, including management contracts, leases, and any trade or business use; and

(e) records, certifications, and opinions relating to any change of use of any of the Financed Property, including remedial action certificates and opinions.

THE ISSUER AGREES TO RETAIN SUCH RECORDS UNTIL AT LEAST THREE YEARS FOLLOWING THE FINAL PAYMENT OF THE OBLIGATIONS OR THE FINAL PAYMENT OF ANY ISSUE OR ISSUES OF TAX-EXEMPT BONDS REFUNDING THE OBLIGATIONS.

Section 9.6. General Covenants. The Issuer agrees for the benefit of the registered owners of the Obligations that it will not use or direct the use of the Proceeds of the Obligations in a manner which would cause the Obligations to become Arbitrage Bonds.

Section 9.7. Representations Reasonable. The Issuer is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of the Purchaser and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable.

Section 9.8. Expectation. On the basis of the foregoing, it is not expected that the Proceeds of the Obligations will be used in a manner that will cause the Obligations to become Arbitrage Bonds.

Section 9.9. Person Responsible. The person signing this Certificate on behalf of the Issuer is an officer of the Issuer responsible for issuing the Obligations on behalf of the Issuer.

Section 9.10. Form 8038-G. To the best of the Issuer's knowledge and belief, the information contained in the Information Return (Form 8038-G) attached in the transcript is complete and accurate.

IN WITNESS WHEREOF, the Issuer has executed this Tax Exemption Certificate by its duly authorized officer.

CITY OF WAUKESHA, WISCONSIN

By: Joseph P. Amico
Title: Admin. Service Manager - Waukesha Water Utility

**EXHIBIT A
TO
TAX EXEMPTION CERTIFICATE**

Facts and Estimates in Support of Tax Exemption Certificate

(See attached)

1. Cost of the Project and Refunding:

ESTIMATED COST

ESTIMATED TOTAL:

\$ 33,212.250.00

2. Source of funds for the Project and Refunding:

TOTAL: \$ 33,212,250.00

3. Schedule of the Project:

The schedule of the various elements of the Project financed with Proceeds including the contemplated completion and final payment dates, is as follows:

CONSTRUCTION PROJECTS

DATE

a) Waterworks System improvements

1. hire architect/engineer
2. bid projects
3. sign contracts
4. commence construction
5. complete construction
6. final payment on construction contracts

January, 2018
 January, 2020
 April, 2020
 April, 2020
 June, 2023*
 August, 2023*

EQUIPMENT/LAND PURCHASE PROJECTS

a) Waterworks System equipment

1. purchase order/offer
2. contract of purchase
3. delivery/closing
4. final payment on contract of purchase

_____, 20____
 _____, 20____
 _____, 20____
 _____, 20____

4. Reimbursement of Project Costs:

Sale Proceeds in the amount of \$2,755,738 are allocated to reimburse expenditures made on the Project prior to the date of issuance of the Obligations. These expenditures were made on or after January 7, 2018 for the following purposes:

Design / Permitting

5. Reasonably Expected Economic Life and Cost of Projects:

Construction Projects

<u>Project</u>	<u>Economic Life</u>	<u>Cost</u>
Design / Permitting	50 - 100 years	\$ 16,072,550
Construction	100 years	15,344,700
	years	
	years	
	years	

* The project costs to be financed with this issue will be paid within two years of the issuance of the Obligations. The balance of the expenditures will be financed with additional borrowing.

Acquisition Projects and Other Projects

<u>Project</u>	<u>Economic Life</u>	<u>Cost</u>
_____	_____ years	\$ _____
_____	_____ years	_____
_____	_____ years	_____
_____	_____ years	_____
_____	_____ years	_____

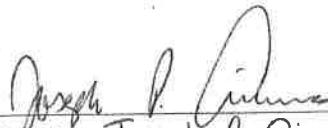
6. Reasonably Expected Remaining Economic Life of Projects Financed by the Refunded Obligations:

<u>Project</u>	<u>Remaining Economic Life</u>
<u>Waterworks System Improvements (2008)</u>	<u>40-90</u> years
_____	_____ years
_____	_____ years
_____	_____ years
_____	_____ years

7. Investment of Funds:

Some of the Sale Proceeds will be invested between the time of borrowing and actual expenditure for the various elements of the Project or the Refunding. Investment Proceeds have been estimated at \$3,300 as described in Section 2 above, based on an assumed interest rate of 1.5 % and disbursement of funds in accordance with the Project schedules set forth in Section 3 or until the Refunding is completed on October 1, 2018.

Prepared and submitted by:


 Name: Joseph P. Ciurro
 Title: Admin. Services Manager - Waukeesh Water Utility
 Effective Date: April 2, 2018

**EXHIBIT B
TO
TAX EXEMPTION CERTIFICATE**

Certificate of Purchaser

(See attached)

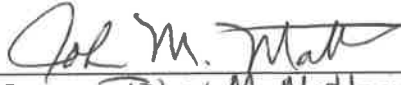
CERTIFICATE OF PURCHASER

The undersigned officer of BMO Harris Bank N.A. (the "Purchaser"), does hereby certify as follows:

1. Pursuant to an agreement between the Purchaser and the City of Waukesha, Waukesha County, Wisconsin (the "City"), the Purchaser is purchasing on the date hereof the City's Waterworks System Revenue Bond Anticipation Note, Series 2018, dated April 2, 2018 (the "Note").
2. The Purchaser is purchasing the Note for its own account for investment purposes with the present intention to hold the Note until maturity or prior redemption. The Note has not been offered or sold to the public or to any other party. The undersigned has not purchased the Note with a view toward offering the Note; provided that the Purchaser may sell or transfer the Note in accordance with the terms of the Continuing Covenant Agreement dated as of the date hereof between the City and the Purchaser and applicable securities laws.
3. The undersigned is an accredited investor as that term is defined under the Securities Act of 1933 (the "Act"), and has sufficient knowledge and experience in financial and business matters to understand and evaluate the risks and merits of purchasing and holding the Note. The undersigned understands that limited offering material has been prepared with respect to the Note and that the Note has not been registered under the Act or any state securities law. The undersigned is familiar with obligations such as the Note and has received all the legal and financial information relative to the Note and the security for the Note that it has requested and that it deems necessary to make an informed investment decision with respect to the Note. The undersigned has had the opportunity to ask questions and has requested and received all information with respect to the Note which it deems necessary to purchase the Note. The undersigned has made its decision to invest in the Note based solely on its review of the information described in this paragraph.
4. I understand that bond counsel represents the City and that bond counsel has not undertaken or been engaged to assist the Purchaser with its evaluation of the City and other matters considered relevant to the Purchaser's investment in the Note.

IN WITNESS WHEREOF, I have executed this Certificate in my official capacity
effective the 2nd day of April, 2018.

BMO HARRIS BANK N.A.


Name: John M. Mattem
Title: Managing Director

**EXHIBIT 4.2
TO
TAX EXEMPTION CERTIFICATE**

Schedule of Private Use Contracts

NONE

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Waukesha		2 Issuer's employer identification number (EIN) 39-6005642	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) 201 Delafield Street	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Waukesha, WI 53188		7 Date of issue 04/02/2018	
8 Name of issue Waterworks System Revenue Bond Anticipation Note, Series 2018		9 CUSIP number None	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Gina Kozlik, City Clerk/Treasurer		10b Telephone number of officer or other employee shown on 10a (262) 524-3550	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.	
11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17 32,800,000
18 Other. Describe ►	18
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>	
If obligations are BANs, check only box 19b <input checked="" type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 04/01/2023	\$ 32,800,000	\$ 32,800,000	4.997 years	VR %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22 Proceeds used for accrued interest	22	0		
23 Issue price of entire issue (enter amount from line 21, column (b))	23	32,800,000		
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	94,032		
25 Proceeds used for credit enhancement	25	0		
26 Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27 Proceeds used to currently refund prior issues	27	1,296,050		
28 Proceeds used to advance refund prior issues	28	0		
29 Total (add lines 24 through 28)	29	1,390,082		
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	31,409,918		

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	3.041 years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	10/01/2018
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	04/22/2008

Part VI Miscellaneous

- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) **35** 0
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) **36a** 0
- b** Enter the final maturity date of the GIC ▶ _____
- c** Enter the name of the GIC provider ▶ _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units **37** 0
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ☐ and enter the following information:
- b** Enter the date of the master pool obligation ▶ _____
- c** Enter the EIN of the issuer of the master pool obligation ▶ _____
- d** Enter the name of the issuer of the master pool obligation ▶ _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ☐
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ☐
- 41a** If the issuer has identified a hedge, check here ☐ and enter the following information:
- b** Name of hedge provider ▶ _____
- c** Type of hedge ▶ _____
- d** Term of hedge ▶ _____
- 42** If the issuer has superintegrated the hedge, check box ☐
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ☒
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ☒
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ☒ and enter the amount of reimbursement ▶ \$2,755,738
- b** Enter the date the official intent was adopted ▶ 12/19/2017

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Shawn N. Reilly
Signature of issuer's authorized representative

04/02/2018
Date

Shawn N. Reilly, Mayor
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

Brian G. Lanser

Preparer's signature

Date

04/02/2018

Check ☐ if self-employed

PTIN

P01299140

Firm's name ▶ Quarles & Brady LLP

Firm's EIN ▶ 39-0432630

Firm's address ▶ 411 East Wisconsin Avenue, Milwaukee, WI 53202

Phone no. (414) 277-5000

REQUEST FOR ADVANCE
WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTES,
(SERIES 2018)

March 30, 2018

BMO Harris Bank N.A.
111 West Monroe St
Chicago, IL 60603
Attention: Linda Burns
Facsimile: (312) 293-5283
Email: linda.burns@bmo.com
gfs.csgroupc@bmo.com

Ladies and Gentlemen:

The undersigned, Joseph P. Ciarro, the Administrative Services Manager of the Waukesha Water Utility of The City of Waukesha, Waukesha County, Wisconsin (the "*Borrower*"), refers to that certain Continuing Covenant Agreement dated as of April 2, 2018 (the "*Agreement*") between the Borrower and BMO Harris Bank N.A. (the "*Purchaser*"), the terms defined therein being used herein as therein defined, and hereby gives the Purchaser notice irrevocably, pursuant to Section 2.02(c) of the Agreement, of the Advance specified below:

1. The Business Day of the proposed Advance is April 2, 2018.
2. The principal amount of the proposed Advance is \$94,032.


The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Date of Advance, before and after giving effect thereto:

- (a) the representations and warranties of the Borrower set forth in Article V of the Agreement shall be true and correct in all material respects on such Date of Advance (except to the extent any such representation or warranty expressly relates to an earlier date); and
- (b) no Default or Event of Default shall have occurred and be continuing on such Date of Advance; and
- (c) none of the Issuer or the Purchaser shall have received written notice from Bond Counsel that the opinion delivered pursuant to Section 4.01(c)(iii) of the Agreement may no longer be relied upon.

The Advance shall be made by the Purchaser by wire transfer of immediately available funds to the Trustee in accordance with the following instructions:

Bank Name: U.S. Bank, N.A.
ABA Number: 075000022
For Further Credit to: Local Government Investment Pool,
City of Waukesha Water Utility
WWU Number: 867902-01

THE CITY OF WAUKESHA, WAUKESHA COUNTY,
WISCONSIN

By: 
Name: Joseph P. Cirro
Title: Administrative Service Manager,
Waukesha Water Utility

Accepted and Agreed

BMO HARRIS BANK N.A.

By: _____
Name: _____
Title: _____

Issue Details

WAUKESHA WIS WTRWKS REV SYS (WI)*

Dated Date: 04/22/2008

Closing Date: 04/22/2008

Maturities and issue-related documents

View all maturities of an issue and download the official statement and other documents available from EMMA for this issue. Click on a CUSIP number for security-specific data, including trade price data.

→ View issuer homepage: WAUKESHA WIS WTRWKS REV | → See other issues by this issuer | → Return to search results

Final Scale	Official Statement	Continuing Disclosure	Trade Activity										
CUSIP*	Principal Amount At Issuance (\$)	Security Description*	Coupon	Maturity Date	Initial Offering Price or Yield (%)	Initial Offering CUSIP	Initial Offering Yield (%)	Current P/B LT Rating	Current K/SRA LT Rating	Current Moody's LT Rating	Current S&P LT Rating		
943113J001	115,000	5YS	3	10/01/2009	101.271								
943113J008	205,000	5YS	3	10/01/2010	101.176								
943113J017	410,000	5YS	3.5	10/01/2011	102.348								
943113J024	420,000	5YS	3.5	10/01/2012	101.771								
943113K027	315,000	5YS	3.5	10/01/2013	101.436								
943113K036	325,000	5YS	3.75	10/01/2014	102.064								
943113K051	340,000	5YS	3.75	10/01/2015	101.296				WR	WR			
943113K071	355,000	5YS	4.25	10/01/2016	103.851				WR	WR			
943113K088	370,000	5YS	4.25	10/01/2017	102.01				WR	WR			
943113K098	385,000	5YS	4.25	10/01/2018	101.858				Aa-	Aa2			
943113K099	400,000	5YS	4.25	10/01/2019	100				Aa-	Aa2			
943113K092	415,000	5YS	4.25	10/01/2020	98.855				Aa-	Aa2			
943113K098	435,000	5YS	4.25	10/01/2021	97.493				Aa-	Aa2			
943113K098	455,000	5YS	4.375	10/01/2022	97.642				Aa-	Aa2			